



Chairman's Speech on 47th AGM

SRF Limited 47th Annual General Meeting

Day	Tuesday
Date	August 7, 2018
Time	11:00 am
Venue	Laxmipat Singhania Auditorium, PHD House, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi – 11 00 16

Dear Shareholders, Ladies and Gentlemen. Good Morning.

On behalf of the Board of Directors of SRF Limited, it gives me immense pleasure in welcoming all of you to the 47th Annual General Meeting of your Company. I hope you have had the opportunity to read our FY 2017-18 Annual Report and reflect on our operational and financial performance. It has been a mixed year for us and I will share more on this later.

Macro-Economic Sentiments

On the macro-economic front, we are seeing a robust global economy contributing to an overall improvement in confidence. A recovery in industrial activity has coincided with a pickup in global trade after two years of marked weakness. While the US economy has continued to grow steadily, the recovery in the Eurozone has been a bonus. Having said that, the rhetoric around protectionism is growing and is now the single most important event that can destabilize the global economy.

Back home, India's economic performance remained resilient. The introduction of the landmark Goods and Services Tax (GST) brought in some uncertainties as businesses adjusted to the new regime. This however, did not take long, and signs of growth returning were evident from the fourth quarter onwards. I am extremely optimistic and believe that the benefits of GST will be a massive game changer for our country. GST, I



believe is not just a financial reform but also a behavioral reform. People will need to understand that the days of the informal economy are numbered. I believe that our growth will start rebounding and we will see higher numbers going forward.

Financial Performance and Business Operations

At the Business level, as I mentioned earlier, FY 2017-18 has been a mixed year. While our topline grew by 16%, our bottom-line took a hit due to softness in certain markets, especially the agro market which has a direct linkage with our Specialty Chemicals Business. But based on my many years of experience, I can say with full confidence that these ups and downs are a part of life and I am confident that things will be far better in the near future.

Talking about some of the highlights -

- We continued to strengthen our market share in the **Fluorochemicals Business**. During the year, your Company entered into a definitive agreement with a Global player to acquire its HFC 125 assets at a value of around US\$ 10 million. This acquisition is in line with our overall strategy to enhance our position in the domestic refrigerant gases space. During the year, we also successfully commissioned the Greenfield Chloromethanes plant at our Dahej complex with a capacity of 40,000 MT per annum. With this, we have effectively doubled our capacity and are now one of the largest producers of Chloromethanes in India.
- For our **Specialty Chemicals Business**, sustainable growth is key and we continue to focus on in-house technology development to build a strong pipeline for induction of new offerings in both the agrochemical and pharmaceutical segments. To that effect, we successfully commissioned a new multi purpose plant and will have more plants coming on stream this year. I am extremely confident that the cycle for these products will change shortly and that we will start seeing growth returning to acceptable levels. By investing ahead of time we are ensuring that we should be well placed as and when the recovery happens.
- Our **Chemicals Technology Group** continues to work towards improving your Company's capabilities of process development, scale-up and commercialization of new chemistries in our chosen areas of operation. In FY 2017-18, CTG filed 24 patents, taking the total count to 135 patents filed so far.



- Moving to the **Packaging Films Business**, your Company announced the setting up of a new BOPET line and Metallizer plant in Hungary at an approximate investment of Euro 60 Million and a brownfield expansion in Thailand at an investment of US\$ 60 million. It is our belief that with robust global growth the capacity utilization for BOPET films will start getting balanced and that there will be need for new capacity. With our ability to manage operations in global locations, we believe this is the right time to enter the Eurozone through the investment in Hungary.
- In the **Technical Textiles Business**, we continue to work relentlessly on reducing our costs. Our objective is to run all our plants to maximum capacity and get the benefits of lower fixed costs. Due to a low order book and cost challenges in South Africa, we had to take the call to shut down our Belting Fabric operations at Port Elizabeth. We will relocate part of the machinery to India and build capacity in our Viralmalai facility through this route. On the domestic front, the push by the Government on infrastructure building should ensure that demand for tyre cord fabric remains healthy.

FY 2017-18 has been a pivotal year for our sustainability agenda. Your Company commissioned a 5 MW Solar Power Plant at the Technical Textiles plant in Gummidipoondi. This solar power plant is the first in-campus Solar Power Plant of five MW capacity in the state of Tamil Nadu. The plant is generating on an average > 20,000 units of clean energy every day and has significantly reduced our dependence on grid power, lowering the overall carbon footprint of our operations. It makes me very proud that your Company is leading the way towards a sustainable clean energy future and contributing to the Government's ambitious renewable energy target of installing 175 GW of renewable energy capacity by the year 2022.

Your Company, as a part of its CSR, continues to engage with its communities and work on some of society's most pressing issues. FY 2017-18 witnessed the expansion of SRF Foundation's education program, covering 190 Government schools across 16 locations in eight States and imparting quality education to more than 60,000 students directly. SRF Foundation also undertook several initiatives to improve the employability of people around our plant locations by imparting vocational skills. We are committed to remaining a force for positive change in our communities.



This year, your Company's sustainability initiatives received several prestigious awards such as the FICCI CSR Award for Education, Skill Development and Livelihood and the YES BANK Natural Capital Award in the “Eco-Corporate of the Year – Manufacturing” category. In addition, your Company’s Bhiwadi facility was privileged to be conferred the 23rd Bhamashah Award 2017 by the Government of Rajasthan for significant contribution in the field of primary and elementary education. The Technical Textiles plant in Rayong, Thailand was honored with the ‘Green Star’ award for the third consecutive year by the Government of Thailand for sustainable efforts towards safety, protection of the environment and care for the community.

Finally, our strong corporate culture is fundamental to our business success. The Board plays a critical role in shaping the culture of the Company by promoting values-based conduct. The Company’s culture is defined by our five core values of *respect, integrity, non-discrimination, excellence* and *well-being*. These values make for a culture where our people have a strong sense of ownership and purpose. This achievement forms the foundation for much of the Company’s success.

On behalf of the Board, I would like to take this opportunity to thank all employees throughout SRF for their dedication and passion in delivering results. It is their focus and resilience in the face of difficulty that enables our substantial progress.

In closing, I would like to say that we are excited about the year ahead, which has a strong pipeline of product and technology innovation and the expansion of commercial activity with the commissioning and start-up of new facilities and operations. There is good momentum in the business and a determination to build on our success. We are confident that FY 2018-19 will be another successful year.

Thank you.