



SRF Limited

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For immediate release

SRF Q3 FY 2005 PAT up 86%

Q3 FY 2005 revenues up at Rs 2,955 million, PAT at Rs 164 million

Q3 FY2005 EPS at Rs 2.54, 9M FY2005 EPS at Rs 6.04

New Delhi, 27 January 2005: SRF Limited, a leading Indian player with global positions in Tyre Cord Fabric, Refrigerant Gases, Belting Fabrics, and operating interests in Polyester Films and Pharma intermediates sectors today announced its financial performance for Q3 FY2005 and 9M FY 2005.

Commenting on the financial performance, **Mr. Arun Bharat Ram, Chairman and Managing Director, SRF Limited**, said:

"Our improvement in performance for the quarter has been driven by our Tyre Cord Fabrics, Fluorochemicals and Belting Fabrics businesses, where the demand and earnings prospects have remained very encouraging.

Our new businesses comprising Polyester Films and Pharma Chemicals have commenced operations and their contribution is reflected in the revenue growth. These businesses are still in the process of achieving complete operational stability. Market conditions in the Polyester Films business were tough during the quarter while the long-term prospects continue to remain strong.

We are a multi-operations company, and given the positive momentum in many of our businesses, the overall corporate performance outlook for the Company remains positive."

PERFORMANCE OVERVIEW:

Quarterly perspective: Q3 FY 2005 v/s. Q3 FY 2004

Net revenues improved by 46% to Rs 2,955 million. PBIDT increased by 55% to Rs 487 million and PAT was up 86% to Rs 164 million. EPS for the quarter was Rs 2.54, and the Cash EPS was Rs 6.14.

9 Months perspective: 9M FY 2005 v/9M FY 2004

Net revenues increased by 24% to Rs 7,732 million. PBIDT was higher by 9% to Rs 1,209 million and PAT was up 12% to Rs 390 million. EPS for the period improved to Rs 6.04, and the Cash EPS was Rs 14.16.

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Attached: Details to the Announcement and Results table

About SRF Limited

SRF is the Indian market leader in Industrial Synthetic Fabrics and Refrigerant Gases. It is the 8th largest producer of Nylon Tyre Cord Fabrics, and the 4th largest producer of Belting Fabrics in the world. In Refrigerant Gases, it provides world-class products to its customers in 55 countries, including US. The Group has 8 manufacturing plants in India and abroad, with overseas operations at Dubai.

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Note:

Statements in this release relating to future status, events, or circumstances, including but not limited to statements about plans and objectives are forward-looking statements based on estimates and the anticipated effects of future events on current and developing circumstances. Such statements are subject to numerous risks and uncertainties and are not necessarily predictive of future results. Actual results may differ materially from those anticipated in the forward-looking statements. SRF cannot be held responsible in any way for such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.

DETAILS TO THE ANNOUNCEMENT

Q3 FY2005 AND 9M FY2005 FINANCIAL RESULTS REVIEW

Revenues

Q3 FY2005 revenues increased by 46% to Rs 2,955 million. All continuing businesses including Industrial Synthetics (Tyre Cord Fabrics), Industrial Fabrics (Belting and Coated Fabrics) and Fluorochemicals businesses (Refrigerant Gases and Chloromethanes) delivered encouraging growth. Revenue growth was further augmented by the contribution from the Polyester Films business.

9M FY2005 revenues were up by 24% to Rs 7,732 million and also included continued growth in revenue contribution from existing businesses and from the Polyester Film business which includes the newly established Indore plant's partial contribution during Q3 FY2005 and two-quarters of the Kashipur plant.

PBIDT

Q3 FY2005 PBIDT increased by 55% to Rs 487 million driven by better margins performance and earnings contribution by the Fluorochemicals and Industrial Fabrics business. The Industrial Synthetics business also delivered a better performance as market conditions stabilized. The market conditions in the Polyester Films business were challenging and they moderated the strong earnings growth in other businesses.

9M FY2005 operating profits were higher at Rs 1,209 million driven primarily by the Fluorochemicals and Industrial Fabrics business. The Industrial Synthetics business saw tough market conditions in H1 FY2005, which impacted its earnings performance on a year-to-date basis.

Interest and Depreciation costs

Interest and finance cost during the quarter increased by 93% to Rs 73 million and the depreciation charge was also higher at Rs 153 million.

The higher finance cost and depreciation charges are primarily attributable to the commencement of Polyester Film and Pharma Chemicals operations, which went on stream in Q3 FY2005 and Q2 FY2005 respectively.

PAT

Net Profit for the Q3 FY2005 was up 86% driven by better performance from continuing businesses and resulted in an EPS for the quarter at Rs 2.54.

9M FY2005 PAT was higher at Rs 390 million and EPS was Rs 6.04.

Cash PAT

Cash Profit for Q3 FY2005 was Rs 403 million and the Cash EPS was Rs 6.14. For 9M FY2005, Cash Profit was Rs 928 million and the Cash EPS was Rs 14.16.

The strong cash earnings are indicative of robust operating cash flows that are being deployed towards the expansion plans limiting debt requirements to that extent.

BUSINESS-WISE PERFORMANCE REVIEW

Industrial Synthetics Business (Tyre Cord Fabric)

The Industrial Synthetics business posted 29% higher revenues of Rs 1,724 million in Q3 FY2005. The PBIT for the quarter also improved 27% to Rs 199 million.

Better revenue and earnings performance was enabled by higher realizations, which were resultant to higher input cost and more stable market conditions.

For 9M FY2005, the revenues for this business were up 11% to Rs 4,437 million while the PBIT was lower at Rs 377 million. The first half of the current year saw tough operating conditions in this business due to a sharp increase in raw material (primarily caprolactum) prices and Tyre Cord dumping by Chinese manufacturers.

The last quarter performance represents a more stable outlook for the future, as the Tyre Cord Fabric prices have firmed up to cover input cost increases and also reflect the initiatives taken by the Government of India which have resulted in a more level playing field for Indian manufacturers.

The demand outlook for Tyre Cord Fabric remains strong. The Company plans to enhance cost competitiveness and to improve performance in a growing market. SRF is implementing a capex plan that will result in more balanced capacities within the Nylon Tyre Cord Fabric manufacturing chain. This plan will add 13,300 TPA of polymerization and spinning capacity at Gwalior plant and 6,000 TPA dipping capacity at Manali plant through debottlenecking initiatives.

These initiatives will cover investment of about Rs 1.2 billion, and should commence contribution to the Company's operations by Q2 FY2006.

In the phase two of its expansion programme to take advantage of long-term opportunities and maintain its leadership position the Company, over the next 3 years, will invest about Rs 2.65 billion to enhance its operating capacity at its Manali, Gwalior and Dubai plants. To enhance cost competitiveness the Company will also invest Rs 79.5 million to establish a group captive power plant at Gwalior. These plans are under active planning and the schedule for implementation is under finalization.

In the interim, to ensure that cost competitiveness, enabled by economical and reliable power, is maintained the Company is planning to install two DG sets of 2.5 MW capacity each at the Gwalior facility. This is expected to be implemented by Q2FY2006 and. once the group captive power plant goes on stream, these DG sets will be re-deployed to other manufacturing facilities. The project is likely to entail an investment of Rs 115.9 million.

Industrial Fabrics Business (Belting and Coated Fabrics)

Q3 FY2005 revenues increased by 44% to Rs 415 million and the PBIT showed a substantial increase by 180% to Rs 39 million.

For 9MFY2005, revenues were better by 39% to Rs 1,092 million and the PBIT more than doubled to Rs 107 million.

The improved performance has been driven by better volume growth and higher price realizations. Revenue momentum was strong in global markets where the sales for Q3 FY2005 increased by 65%. New markets were created in South Africa and Turkey. The Company continued to maintain its domestic leadership and global market position in this business. The demand prospects remain encouraging as the conveyor belting industry is globally doing well, with increased activity in mining,

chemicals and bulk transportation sectors. Further, given the Company's highly competitive cost structure in this business, the performance outlook for the future is positive.

The Company's expansion plant to enhance capacity by 2,500 TPA to 7,500 TPA is under implementation and should commence contribution to operations by Q1 FY2006, which would result in enhanced revenue and earnings contribution next financial year onwards.

Fluorochemicals business (Refrigerant Gases and Chloromethanes)

This business delivered strong performance on the back of higher demand for the Company's products. The global demand for HFC 134a remained strong leading to firming up of prices.

Chlorinated solvents business is also witnessing encouraging global demand growth leading to firming up of Chloromethanes prices.

The demand and price prospects for the Company's products in this business are positive and should sustain improved performance for the next few quarters.

On the back of better product price realizations Q3 FY2005 revenues increased by 22% to Rs 514 million and the PBIT increased more sharply to Rs 141 million.

For 9M FY2005, the revenues improved by 15% to Rs 1,641 million and the PBIT was up 41% to Rs 498 million.

The Company plans to expand capacities by 3,000 TPA to manufacture new generation gasses including HFC 134 a / HFC-32 are being implemented on plan at an investment of Rs 520 million and should be operational by Q3 FY2006.

Polyester Film business

The Company has two plants to manufacture Polyester Films at Indore with capacity of about 20,500 TPA and at Kashipur (U.P) with a capacity of about 5,200 TPA. The Indore plant is a greenfield project and commenced commercial operations in the current quarter. The plant, operating at capacity utilization of about 70%, is in the

process of achieving complete operational stability, which is estimated to happen by Q1 FY2006.

Q3 FY2005 revenues from this business were Rs 286 million and it posted a negative PBIT of Rs 63 million.

For 9M FY2005 the revenues were Rs 460 million with a negative PBIT of Rs 52 million.

The performance of this business was impacted by tough market conditions during the quarter due to sharp increase in PET chip prices resultant to strong PTA and MEG prices. Further, the domestic prices for Polyester Film in the last quarter saw sharp erosion.

Given high raw material cost and subdued finished goods prices the profitability of this business was negative. However, the long term prospects remains encouraging with demand growth at 15% per annum. Further to new plant stabilization the Company is implementing initiatives to reduce operating costs and produce higher value added films. In order to target a wider market opportunity a Metallizer is also being installed at the Company's plant at a cost of Rs 125 million. This should be in operation by Q3 FY2006 and is likely to contribute to improving operating prospects for this business going forward.

Pharma Chemicals Business

The Company's Pharma Chemicals business at this stage primarily comprises fluorine-based pharma intermediates, and commercial sales for two products have already commenced. The Company has obtained product approvals from large domestic customers that include leading pharma companies. SRF also initiated offering its services for custom synthesis and contract research during the quarter. The Company's R&D team is engaged in developing additional value added derivatives of its current products that can be manufactured at the existing plant with limited incremental investment. Progress has also been made in exploring the international markets for this business. SRF recently participated in CPhI Worldwide – a major pharma industry trade fair – in Brussels and generated encouraging interest. The Company is currently in discussions with some potential international customers, although such initiatives are at a nascent stage.

This business commenced operations in Q2 FY2005 and its performance is on plan. Currently, the business is a marginal contributor to revenues and the "Others" section in segmental reporting primarily reflects its performance.

The Pharma business is still in incubation / ramp-up phase and is likely to make a noticeable contribution to revenues and earnings in the longer term.

OUTLOOK FOR FY2005

Given the 9M FY2005 performance, full year FY2005 performance should be better compared with FY2004.

The Industrial Synthetics business is showing better performance prospects and the outlook for Industrial Fabrics and Flourochemicals business continues to remain robust. Despite subdued outlook for the Polyester Films business, the strong performance outlook for all continuing businesses should result in an improved performance for Q4 FY 2005.



SRF LIMITED

UNAUDITED FINANCIAL RESULTS

**FOR THE QUARTER AND NINE MONTHS ENDED
31ST DECEMBER 2004**



SRF LIMITED

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2004

Amount in Rs/Lakhs

Sl. No.	Particulars	Notes	Quarter Ended		Nine Months Ended		Year Ended 31.03.2004 Audited
			31.12.2004 Unaudited	31.12.2003 Unaudited	31.12.2004 Unaudited	31.12.2003 Unaudited	
1	Gross Sales/ Income from Operations		31258	23026	82845	70091	93524
2	Less: Excise Duty		2205	2947	7404	8696	11507
3	Net sales/ Income from Operations.		29053	20079	75441	61395	82017
4	Other Income	2	497	162	1874	927	1275
5	Total Income		29550	20241	77315	62322	83292
6	Total Expenditure		24681	17096	65230	51223	68962
	a. (Increase)/Decrease in stock		(1414)	66	(1578)	(255)	(272)
	b. Consumption of raw material		20492	12242	49323	36288	48617
	c. Staff Cost		1246	1198	3517	3720	4978
	d. Power & fuel		2612	1709	7058	5548	7688
	e. Other Expenditure		1745	1881	6910	5922	7951
7	Profit before Interest, Depreciation and Tax		4869	3145	12085	11099	14330
8	Interest and Finance Charges (Net)		733	380	1715	1733	2184
9	Profit after Interest but before Depreciation and Tax		4136	2765	10370	9366	12146
10	Depreciation		1525	1245	4082	3632	4896
11	Profit before Tax		2611	1520	6288	5734	7250
12	Provision for tax -Current		109	109	1086	410	521
	- Deferred Tax		864	528	1302	1852	2568
13	Profit after Tax		1638	883	3900	3472	4161
14	Paid up equity share capital (Including amount paid up on forfeited shares)		6555	6555	6555	6555	6555
15	Reserves excluding revaluation reserve						31440
16	Basic and diluted EPS for the period (Not annualised)		2.54	1.37	6.04	5.38	6.45
17	Aggregate of Non promoter share holding						
	- Number of shares		41775536	43954645	41775536	43954645	42265536
	-Percentage of shareholding		64.74%	68.12%	64.74%	68.12%	65.50%



Notes to Unaudited Financial Results for the Quarter and Nine Months Ended 31 December 2004

- 1 The Industrial Synthetic Business (referred to as TCF in the segment report) of the Company has been awarded the **Deming Application Prize** by the Japanese Union of Scientist and Engineers in recognition of high standards of application of TQM practices in achievement of business objectives.
- 2 Other Income for current quarter includes profit on sale of long term investments Rs 249 Lakhs.
- 3 The commercial production of the Polyester Film plant at SEZ Indore commenced during the quarter.
- 4 There were no investor complaints outstanding at the beginning and at the end of the quarter. The company received and resolved 40 complaints during the quarter.
- 5 The Statutory Auditors have carried out the limited review of the above results.
- 6 Previous years figures have been regrouped and rearranged wherever necessary to conform to current year classification
- 7 The above results were reviewed by the Audit Committee and taken on record by the Board of Directors in the meeting held on January 27,2005

For and on behalf of the Board

**Arun Bharat Ram
Chairman & Managing Director**

Place : Delhi

Date : January 27, 2005



SRF Limited
Segmentwise Revenue , Results and Capital Employed under Clause 41 of the Listing Agreement
for the Quarter and Nine Months Ended 31 December 2004

Amount in Rs/Lakhs					
Particulars	Quarter Ended		Nine Months Ended		Year Ended
	31.12.2004 (Unaudited)	31.12.2003 (Unaudited)	31.12.2004 (Unaudited)	31.12.2003 (Unaudited)	31.03.2004 (Audited)
Segment Revenue					
a) Tyre cord fabric (TCF)	17241	13372	44370	40039	52983
b) Chemicals Business (CB)	5137	4202	16408	14324	18973
c) Industrial Fabric Business(IFB)	4146	2887	10924	7883	11236
d) Polyester Films Business(PFB)	2863		4602	0	-
e) Others	57	11	74	24	28
Total Segment revenue	29444	20472	76378	62270	83220
Less: Inter Segment revenue	391	393	937	875	1203
Net Sales / Income from Operations	29053	20079	75441	61395	82017
Segment Results					
(Profit / (Loss) before interest and tax from each segment)					
a) Tyre cord fabric (TCF)	1994	1570	3767	5143	6203
b) Chemicals Business (CB)	1414	862	4984	3545	4191
c) Industrial Fabric Business (IFB)	386	138	1067	498	897
d) Polyester Films Business(PFB)	(629)	0	(519)	0	-
e) Others	(141)	(103)	(280)	(441)	(583)
Total Segment results	3024	2467	9019	8745	10708
Less: i) Interest	733	380	1715	1733	2184
Less: ii) Other Unallocable expenses net of income	(320)	567	1016	1278	1274
Total Profit before Tax	2611	1520	6288	5734	7250
Capital Employed (Segment assets less segment liabilities)					
a) Tyre cord fabric (TCF)	37713	36624	37713	36624	32754
b) Chemicals Business(CB)	7813	8713	7813	8713	7758
c) Industrial Fabric Business (IFB)	7630	5060	7630	5060	5154
d) Polyester Films Business(PFB)	19374	1730	19374	1730	2767
e) Others	3844	1823	3844	1823	2175
Total Capital employed in segments	76374	53950	76374	53950	50608
Add : Unallocable assets less liabilities	15594	15876	15594	15876	20120
Total capital employed in the company	91968	69826	91968	69826	70728

Notes :

1. Segment revenue , Results and Capital Employed include the respective amounts identifiable to each of the segments. Other unallocable expenditure includes expenses incurred on common services provided to the segments which are not directly identifiable.
2. Unallocated corporate assets mainly relate to corporate investments.