



SRF Limited

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For Immediate Release

SRF Q3 FY2007 revenues up 52 % to Rs. 450.36 crores (vs. Q3 FY2006)

PAT up 418 % to Rs. 70.11 crores; EPS at Rs. 10.33

New Delhi, 22 January 2007: SRF Limited, a leading Indian player in Technical Textiles, Refrigerant Gases and having operating interests in Packaging Films and Pharma Intermediates today announced its financial performance for the quarter ended 31st December 2006.

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

“Commissioning of capacity expansion projects in Gwalior and Manali (Chennai) were the significant events during this quarter. The expanded capacity of yarn and fabric would add to the Company’s turnover in the months to come. Maintaining the trend from earlier quarters, cash flows from the transfer of Certified Emission Receipts (CERs) were strong. The revenues and profits improved significantly by 52 % and 418 % respectively in the third quarter. Though there have been pressures on realizations and margins in our businesses, we believe our continued focus on cost efficiencies and improvement in margins will see the current businesses revert to providing healthy returns.”

PERFORMANCE OVERVIEW: Q3 FY2007 v/s. Q3 FY2006

Revenues increased by 52% to Rs.450.36 crores from Rs. 296.27 crores. EBIDT was higher by 193% at Rs. 135.9 crores from Rs. 46.31 crores, whereas PAT went up by 418% to Rs.70.11 crores from Rs. 13.54 crores. EPS for the quarter was Rs. 10.33 (non-annualized), while cash EPS for the quarter was Rs. 14.06.

CDM PROJECT UPDATE

While the Company has realised around Rs. 122.28 crores during the quarter from the transfer of Certified Emission Reductions (CERs) units, cash flows from carbon credits are expected to vary & may not recur uniformly from quarter to quarter.

CHANGES IN THE DESIGNATIONS OF DIRECTORS

The Board of Directors has approved following changes in the designations of Directors with immediate effect:

Mr. Arun Bharat Ram will henceforth be Chairman (with executive powers). He was earlier designated as Chairman & Managing Director. Mr. Ashish Bharat Ram has been designated as Managing Director (he was earlier President & Executive Director) and Mr. Kartikeya Bharat Ram as Deputy Managing Director (he was earlier President & Executive Director).

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Attached: Details to the Announcement and Results table

About SRF Limited

SRF Ltd, a leading industrial group, manufactures Technical Textiles, Fluorochemicals, Packaging Films and Pharma Chemicals. Commencing operations in 1974, SRF today operates from eight plant locations in India and abroad and has attained market leadership position in Nylon Tyre Cord Fabric (8th largest in the world & approx 34 per cent market share in India), Belting Fabrics (3rd largest in the world & approx 53 per cent market share in India), Refrigerant Gases (approx 40 per cent market share in India) and Chloromethanes. Currently, SRF's products cater to industrial customers in more than 60 countries. SRF's relentless focus on TQM techniques has resulted in the Company winning the prestigious Deming Application Prize in 2004 for the erstwhile Industrial Synthetics Business of SRF (now integrated with Technical Textiles Business), the first nylon tyre cord company outside Japan to be awarded this prize.

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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 FY2007 FINANCIAL RESULTS REVIEW

(All figures in Rs. crores unless otherwise mentioned)

Revenues

	Q3 FY2007	Q3 FY2006	Shift (%)	FY2006
Revenues	450.36	296.37	52%	12922.9

Higher Q3 FY2007 revenues mainly resulted from increased cash flows from the CDM initiative and higher revenue generation from the technical textile and packaging films businesses.

EBIDT and PBT

	EBIDT	EBIDT Margin (%)	PBT
Q3 FY2007	135.90	30%	108.26
Q3 FY2006	46.31	16%	20.74
Shift %	193%	93%	422%

The Company recorded a 193% increase in operating profits for Q3 FY2007 to Rs.135.90 crores.

Interest and Depreciation costs

Interest cost reduced by 13% to Rs. 8.06 crores in Q3 FY2007 on account of repayment of loans. Depreciation was higher by Rs.3.23 crores on account of recent capitalization of investments in various expansion projects.

PAT

	PAT	EPS
Q3 FY2007	70.11	10.33
Q3 FY2006	13.54	1.99
Shift %	418%	418%

Profit after tax (PAT) for the quarter under review was higher at Rs.70.11 crores, translating into an EPS (non-annualised) of Rs.10.33.

Cash Profit

	Cash Profit	CEPS
Q3 FY2007	95.47	14.06
Q3 FY2006	33.83	5.16
Shift %	182%	172%

The Company recorded strong cash earnings during the quarter under review. Cash profit and cash EPS for the quarter were Rs.95.47 crores and Rs.14.06 respectively

BUSINESS-WISE PERFORMANCE REVIEW

Technical Textiles Business (Tyre Cord Fabric, Belting Fabric, Coated Fabric)

Technical Textiles	Revenues	PBIT
Q3 FY2007	224.59	12.54
Q3 FY2006	194.87	20.62
Shift %	15%	(39%)

This business comprises Nylon Tyre Cord Fabric (NTCF), Industrial Yarns and Industrial Fabrics. It is the Company's largest business segment and contributed about 50% of overall revenues for the quarter.

Revenues from this business improved 15% to Rs.224.59 crores in Q3 FY2007. PBIT for this segment decreased 39% to Rs.12.54 crores in the quarter.

During the quarter the business has commissioned a) Poly and Spinning plant at Manali (Chennai), increasing its capacity from 11,000 MTPA to 25,400 MTPA and b) expanded the capacity of Nylon Tyre Cord Fabric at Gwalior increasing its capacity from 10,000 MTPA to 17,000 MTPA. The performance of this business during the quarter was adversely impacted by higher energy cost leading to lower margins.

Outlook

While demand remains strong for this segment, the aggressive pricing by the overseas suppliers will continue to put pressure on the performance of this business. However, the commissioning of the new yarn and textile capacity would help standardize quality and bring down fixed costs. The business continues to focus on improving operating efficiencies, including alternative fuel usages to improve cost structures and consolidate its market position.

Chemicals Business (Fluoro Chemicals & Fluoro Specialities Business)

Chemicals	Revenues	PBIT
Q3 FY2007	55.00	5.44
Q3 FY2006	61.69	12.81
Shift %	-11%	-58%

PBIT from this business in Q3 FY2007 was lower by 58 % due to contraction in CFC & CTC volumes (lower CFC sales in export market) on account of Montreal Protocol implementation both in Domestic and International markets. The consequent supply-demand imbalance also resulted in squeeze in the margins. Similarly, in HCFCs there was strong pressure on margins due to aggressive posture taken by other producers in International markets.

Investments of Rs. 28.75 crores have been approved by the board of directors for upgradation of R&D facility & pilot plant and manufacturing of new fluoro speciality.

A. Fluorochemicals Business (earlier Refrigerant Gases and Chloromethanes)

With the growth in the air conditioner, cars and pharma industries, refrigerant off-take in the domestic market is also increasing.

Exports are also growing rapidly and currently account for about 80 per cent of the volumes in the refrigerant business. SRF exports refrigerants to over 60 countries.

Outlook

Demand in the refrigerant gases business from the air-conditioning and refrigeration segments and in chloromethanes from the pharma and the agrochemicals sectors is expected to remain strong. We anticipate an encouraging outlook in this business

over medium term. However, the pressure on margins and reduction in CFC & CTC volumes would continue in short term.

B. Fluoro Specialities Business (earlier Pharma Chemicals)

The division has recorded growth in Q3 FY2007 over Q3 FY2006. The business is now well recognized in the global market as a supplier of fluorinated fine chemicals. Many international companies have approached the business for developing customized intermediates and discussions are at various stages.

Outlook

The business is now poised for growth in both revenue and profitability with the addition of new products and also through improvement in productivity at its manufacturing facility at Bhiwadi.

Packaging Films Business

Packaging Films	Revenues	PBIT
Q3 FY2007	47.99	(3.91)
Q3 FY2006	39.72	(5.28)
Shift %	21%	26%

Revenues from this business in Q3 FY2007 were Rs.47.99 crores and it recorded a PBIT of Rs. (3.91) crores.

The performance of this business has improved with a conscious focus on increased presence in the international markets as well as focus on costs.

Outlook

The prospects of this business are encouraging with Indian demand estimated to grow at 15% per annum and international demand at 7% per annum.

The near term outlook is expected to be stable in view of a demand – supply balance emerging in Q4 FY2007.

Clean Development Mechanism (CDM) Project

In continuation of its efforts to reduce polluting gases, Clean Development Mechanism (CDM) project for emission reduction at the refrigerant gases plant continues to contribute to the cash flows of the Company by generation and transfers of Certified Emission Reductions (CERs) units. In Q3 FY2007, 0.93 million CERs were issued to SRF. The accumulated issuances to the Company in FY2007 (Upto Quarter Ended 31st December 2006) have been 5 million CERs. While the sustainable and active steps to protect the environment through CDM project have fetched the Company Rs.122.28 crores from the transfer of 1.15 million CERs in Q3 FY2007, the aggregate realization for FY2007 (Upto Quarter Ended 31st December'2006) was Rs.405 crores by transfer of 3.65 million CERs.
