



SRF Polymers Limited

Annual Report
2004-2005



Report **CONTENTS** .com

Board of Directors	2
Notice	3
Directors' Report	6
Management Discussion & Analysis	8
Annexure to Directors' Report	9
Corporate Governance Report	12
SRF Polymers Accounts 2004-2005	18
Consolidated Financial Statement	37
Subsidiary Accounts	52



BOARD OF DIRECTORS

Shri Arun Bharat Ram, Chairman

Shri Rajat Lakhanpal, Whole Time Director & Company Secretary

Dr. Bharat Ram

Shri S.P. Agarwala

Shri K. Ravichandra

Shri Vinod Kumar Kala

Shri Ritesh Kumar (ICICI Nominee)

Auditors

Thakur, Vaidyanath Aiyar & Co., Chartered Accountants, New Delhi

Bankers

State Bank of Patiala

ICICI Bank Limited

Registered Office

Express Building, 9-10, Bahadur Shah Zafar Marg,
New Delhi-110 002

Engineering Plastics Business

Manali Industrial Area, Manali, Chennai - 600 068

Fishnet Twine Business

Manali Industrial Area, Manali, Chennai - 600 068



SRF POLYMERS LIMITED

Regd. Office : Express Building, 9-10, Bahadur Shah Zafar Marg,
New Delhi 110 002.

NOTICE

NOTICE is hereby given that the 5th Annual General Meeting of SRF Polymers Limited will be held on Saturday, the 30th July, 2005 at 11 A.M. at Gandhi Memorial Hall, 2, Bahadur Shah Zafar Marg, New Delhi – 110 002 to transact the following businesses:

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2005 and the Profit & Loss Account for the year ended on that date together with the Reports of the Auditors and Directors thereon.
2. To declare Dividend on equity shares.
3. To appoint a Director in place of Shri S.P. Agarwala, who retires by rotation, and being eligible, offers himself for re-election.
4. To appoint a Director in place of Shri Vinod Kumar Kala, who retires by rotation, and being eligible, offers himself for re-election.
5. **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:**
"RESOLVED that M/s. Thakur, Vaidyanath Aiyar & Co., Chartered Accountants, New Delhi be and are hereby re-appointed Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual general meeting at a remuneration to be fixed by the Audit Committee/Board of Directors and reimbursement of travelling and other incidental expenses, if any, incurred in connection with the audit."
6. **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:**
"RESOLVED that Shri Rajat Lakhanpal, who by his co-option as an Additional Director with effect from 31st January, 2005 holds office upto the date of this Annual general meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose him as a candidate for the office of Director, be and is hereby appointed a Director not liable to retire by rotation."
7. **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:**
"RESOLVED that subject to such sanctions and permissions, if any, as may be necessary, approval of the Company be and is hereby accorded in terms of Section 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 and the Schedule(s) thereto, including any statutory amendment or re-enactment thereof, to the

appointment of Shri Rajat Lakhanpal in the whole-time employment of the Company as Whole-time Director & Company Secretary with the authority to the Remuneration Committee/Board of Directors to change his designation, from time to time, from 1.2.2005 to 31.3.2008 and the terms and conditions of appointment including remuneration as given below:

1. **Functions** : To look after the day to day business and affairs of the Company subject to the direction, control and superintendence of the Board of Directors of the Company.
2. **Remuneration** : Subject to the overall limit on remuneration payable to all the managerial personnel taken together, the remuneration payable to Shri Rajat Lakhanpal, as determined by the Board of Directors, shall comprise the following with authority for sanctioning increase in salary/allowances as the Remuneration Committee/ Board of Directors may decide, as per Company's rules, from time to time.
 - a) **Salary** : Rs. 6,810 per month in the pay scale of Rs. 5,000 to Rs. 15,000.
 - b) **Perquisites & Allowances** : Residential accommodation or house rent allowance, personal pay, performance pay, company car and driver/allowance for driver's salary, medical reimbursement, leave travel concession, club fees, personal accident insurance, as per the rules of the Company and fixed by the Remuneration Committee aggregating upto Rs. 5 lacs per annum.
Remuneration for a part of the year shall be computed on pro-rata basis.
 - c) **Minimum Remuneration** : In the event of absence or inadequacy of profits in any financial year during his tenure, Shri Rajat Lakhanpal will be entitled to the above stated remuneration along with the perquisites/ benefits mentioned above as and by way of minimum remuneration.



3. Termination : The appointment of Shri Rajat Lakhanpal as Whole-time Director may be terminated by either party giving to other one calendar month notice for every completed year of service subject to a maximum of 3 months, in writing.

RESOLVED FURTHER that subject to the overall limit of remuneration payable to all the managerial personnel taken together, the aforesaid remuneration payable to Shri Rajat Lakhanpal shall be within an overall ceiling of 5% of the net profits of the Company computed in the manner laid down in Section 349 of the Companies Act, 1956.

RESOLVED FURTHER that the Remuneration Committee/ Board of Directors be and is hereby authorised to increase or vary the remuneration of Shri Rajat Lakhanpal subject to and in accordance with the Company's rules, from time to time, wherever applicable and the provisions of the Companies Act, 1956, including Schedule XIII thereto.

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED that pursuant to Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 as amended from time to time and other applicable provisions of law, approval of the shareholders be and is hereby accorded for delisting of shares of the Company from the Delhi Stock Exchange Association Limited, the Madras Stock Exchange Limited and the Stock Exchange Ahmedabad and the Board of Directors of the Company be and is hereby authorised to take all necessary steps as may deem fit, proper and appropriate for giving effect to the resolution".

By Order of the Board
for **SRF POLYMERS LIMITED**

Rajat Lakhanpal

New Delhi
May 31, 2005

Whole-time Director & Company Secretary

NOTES :

1. Explanatory Statement as required under section 173(2) of the Companies Act, 1956 is annexed.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORM DULY COMPLETED AND SIGNED SHOULD REACH THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE SCHEDULED TIME OF THE MEETING. A BLANK PROXY FORM IS ATTACHED HERewith.

3. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, the 9th July, 2005 to Friday, the 15th July, 2005 (both days inclusive).
4. If dividend, as recommended by the Directors, is declared at the meeting, the payment will be made within thirty days to those Members whose names appear in the Register of Members of the Company as on Friday 15th July, 2005 after giving effect to all the valid transfers in physical form lodged with the Company and/or its Registrar & Share Transfer Agent on or before Friday, the 8th July, 2005. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by NSDL and CDSL as at the close of their business hours on Friday, the 8th July, 2005.
5. Members holding shares in physical form are requested to notify change in their address and bank mandate, bank particulars for printing on the dividend warrants, if any, under their signature to M/s. Mas Services Private Limited, AB-4, Safdarjung Enclave, New Delhi-110 029, the Registrar & Share Transfer Agent, quoting folio number. Members holding shares in electronic form may update such details with their respective Depository Participants.
6. Members seeking any information regarding Accounts should write to the Company at least seven days before the meeting so as to enable the management to keep the information ready.
7. Shareholders are, advised that those who have not encashed their dividend warrant(s) so far for the previous financial years may send their outdated dividend warrants to M/s Mas Services Private Limited, AB-4, Safdarjung Enclave, New Delhi 110029 for issue of "payable at par" cheques/demand drafts in lieu thereof.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No. 3 & 4

Shri S.P. Agarwala and Shri Vinod Kumar Kala shall retire by rotation and being eligible, offer themselves for re-appointment. Brief resume of the Directors being re-appointed are as under:

• **Shri S.P. Agarwala**

Shri S.P. Agarwala (64) is well-known in the business circles of Delhi. He is Chairman of Remuneration Committee of the Board and member of Audit Committee and Shareholders'/ Investors' Grievance Committee of the Board.

He is also a Director of SRF Ltd.

He is Chairman of Shareholders'/Investors' Grievance Committee and member of Audit Committee and Remuneration Committee of the Board of SRF Ltd.



• Shri Vinod Kumar Kala

Shri Vinod Kumar Kala (43), an IIM Ahmedabad alumnus possesses expertise in the area of Organisational transformation, where he combines skills in business strategy, financial engineering, business process re-engineering, creative thinking, people development, etc. and has played significant role in creating this transformation drive in two large sized corporates in India.

He is Chairman of Audit Committee of the Board and a member of Shareholders'/Investors' Grievances Committee and Remuneration Committee of the Board.

Item No. 6 & 7

Shri Rajat Lakhanpal was co-opted as an Additional Director by the Board of Directors of the Company on 31st January, 2005. In terms of the Company's Articles of Association and Section 260 of the Companies Act, 1956, he holds office upto the date of the 5th Annual general meeting.

Notice under Section 257 of the Companies Act, 1956 has been received from a member of the Company alongwith a deposit of Rs. 500/- signifying his intention to propose Shri Rajat Lakhanpal as a Director of the Company.

Shri Rajat Lakhanpal (33) is a qualified Company Secretary and Law graduate. He has post qualification experience of around 6 years. He satisfies the conditions for eligibility for appointment as a managerial person in terms of Part I of Schedule XIII to the Companies Act, 1956.

Shri Rajat Lakhanpal after his co-option as Director in the meeting of Board of Directors held on 31st January, 2005 was appointed in the whole-time employment of the Company as Whole-time Director & Company Secretary of the Company for the period from 1.2.2005 to 31.3.2008. His appointment is subject to the approval by the members in general meeting.

Hence, approval of the members is sought to the appointment and remuneration of Shri Rajat Lakhanpal in terms of Section 269 and 309, read with Schedule XIII to the Companies Act, 1956. The terms of appointment and remuneration proposed for Shri Rajat Lakhanpal are fully set out in the resolution.

As per the requirements of Section 302 of the Companies Act, 1956, the abstract of the terms and conditions of appointment of Shri Rajat Lakhanpal as Whole-time Director & Company Secretary has been circulated to the members vide Company's letter dated 11th February, 2005.

Shri Rajat Lakhanpal is a Director in SRF Polymers Investments Ltd.

None of the Directors of the Company other than Shri Rajat Lakhanpal is concerned or interested in the Resolutions.

Item No. 8

The shares of the Company are presently listed on:

- i) Delhi Stock Exchange Association Limited (DSE)
- ii) The Stock Exchange, Mumbai (BSE)
- iii) The Madras Stock Exchange Limited (MSE)
- iv) The Stock Exchange Ahmedabad (ASE)

The shares of the Company are actively traded only in the BSE. In the remaining Stock Exchanges, the shares are either not traded or the trading is negligible. It is therefore proposed to delist the shares of the Company from DSE, MSE and ASE. However, with extensive networking of BSE having nationwide trading terminals, the investors will have sufficient opportunity to trade in Company's shares.

As per the Securities and Exchange Board of India (Deiisting of Securities) Guidelines, 2003, shares of any listed company can be voluntarily delisted from all or some of the Stock Exchanges where the securities are listed, by following the guidelines. In terms of the guidelines, prior approval of the shareholders of the Company by way of a special resolution passed in the General Meeting is required for delisting.

Since the Company's shares will continue to be listed in BSE which is having nationwide trading terminal, the Company is not required to give exit option to the shareholders.

Your Directors recommend the Special Resolution for approval of the shareholders.

None of the Directors of the Company is concerned or interested in this Special Resolution.

INSPECTION

The Documents referred to in the Notice shall be open for inspection at the Registered Office of the Company on any working day between 3 P. M. and 5 P. M. and shall also be available at the meeting.

Stock Exchanges where Company's securities are listed :-

1. The Delhi Stock Exchange Association Limited
DSE House, 3/1 Asaf Ali Road
New Delhi 110 002
2. The Stock Exchange – Ahmedabad
Kamdheni Complex, Panjarapole
Ahmedabad 380 015
3. The Stock Exchange, Mumbai
Phiroze Jeejeebhoy Towers, Dalal Street
Mumbai 400 001
4. Madras Stock Exchange Ltd.
Exchange Building, Post Box No.183
11, Second Line Beach, Chennai 600 001

Listing fee has been paid to all the Stock Exchanges upto March, 2006.



DIRECTORS' REPORT

To THE MEMBERS,

The Directors are pleased to present the fifth Annual Report on the business and operations of the Company and the statement of accounts for the year ended 31st March, 2005.

FINANCIAL RESULTS

	(Rs. Crores)	
	2004-05	2003-04
Sales and Other Income	149.92	171.43
Profit Before Interest, and Depreciation & Tax (EBIDTA)	19.21	15.98
Less: Interest & Finance Charges	4.43	5.35
Profit before Depreciation and Tax (PBDT)	14.78	10.63
Less: Depreciation	1.26	6.14
Profit before Tax (PBT)	13.52	4.49
Less: Provision For Taxes (including provision for deferred tax)	9.03	1.24
Net Profit after Tax (PAT)	4.49	3.25
Add: Profit brought forward from previous years	6.54	3.80
Profit available for appropriation	11.03	7.05
Appropriations		
Dividend on Equity Issue	0.32	0.32
Corporate tax on dividend	0.05	0.04
Amount transferred to General Reserve	—	0.15
Profit carried to Balance Sheet	10.66	6.54
Total Appropriation	11.03	7.05

Equity Dividend

Your Directors recommend a Dividend of 5% on equity shares, i.e. Re. 0.50 per share for the financial year ended March 31, 2005 for your approval at the ensuing Annual General Meeting.

Operations Review

Gross Sales dropped by 12.59 % to Rs. 149.92 crores from Rs. 171.43 crores in the previous year mainly on account of sale of polyester films business which was divested with effect from 1.6.2004. Operating profit (EBIDTA) grew by 20.21 % to Rs. 19.21 crores from Rs. 15.98 crores. Profit before tax increased by 201.56% to Rs. 13.52 crores from Rs. 4.49 crores due to profit of Rs. 8.12 crores on account of sale of polyester films business. However, Profit after Tax grew only by 38.15 % to Rs. 4.49 crores from Rs. 3.25 crores due to payment of capital gains tax of Rs. 6.85 crores on profit made on sale of polyester films business.

Business-wise Review

A detailed business wise review is being given in the Management Discussion and Analysis section of the annual report.

Polyester Films Business:

During the year 2004-05, your company has exited from the polyester films business due to various reasons like being a small player in the industry, low return on capital employed,

risks associated with future profitability etc. Your company has made a profit of Rs. 8.12 crores on the sale of polyester films business undertaking.

Subsidiary Company

SRF Polymers Investments Limited (SRFPIL), a wholly owned subsidiary, is an investment company. The subsidiary has reported a loss of Rs. 0.32 crores during the year 2004-05.

Information in respect of subsidiary together with accounts and reports required under Section 212 of the Companies Act, 1956 are attached, which form part of the annual report and accounts.

Safety, Health & Environment

Your company is committed to being proactive to Safety, Health and Environment. Continued safety awareness was maintained through several activities such as training, competitions, awards, etc. where there is high worker participation.

Occupational health studies have been taken up and improvements beyond minimum standards are implemented. Effluents are recycled based on known treatment processes, which help the conservation of precious water.

Your company has been undertaking on- going training programs on Safety and Environmental issues at all its converter units to enhance work safety levels and environment protection.

Directors

Shri S.P. Agarwala and Shri Vinod K. Kala, Directors retire by rotation and being eligible, offer themselves for re-appointment. Shri Manish Maheshwari, Whole time Director & Chief Financial Officer resigned on 31st January, 2005. The Board places on record its gratitude and appreciation for the services rendered by him.

Your Board has co-opted Shri Rajat Lakhanpal as an Additional Director. He holds office upto 5th Annual general meeting. A notice under section 257 of the Companies Act, 1956 has been received from a member intending to propose the name of Shri Rajat Lakhanpal for appointment as a Director of the Company.

Shri Rajat Lakhanpal was appointed by your Board as Whole-time Director and Company Secretary and your Board recommend to the shareholders for approval of his appointment and remuneration as fixed by them.

Directors' Responsibility Statement

Pursuant to the requirements of Section 217(2AA) of the Companies Act, 1956, it is hereby confirmed:

- that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the period under review;

(iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) that the Directors have prepared the annual accounts for the year ended 31.03.05 on a 'going concern' basis.

The Company is controlled by Arun Bharat Ram Group ("Promoter Group") being a group as defined under the Monopolies and Restrictive Trade Practices Act, 1969. The Promoter Group consists of various individuals and corporate bodies who are in a position to and who jointly exercise control over the Company.

A list of these individuals and corporate entities which constitute a group under the Monopolies and Restrictive Trade Practices Act, 1969 is given below:

a) Sh. Arun Bharat Ram; b) Dr. Bharat Ram; c) Sh. Ashish Bharat Ram; d) Sh. Kartikeya Bharat Ram; e) Mrs. Shiela Bharat Ram; f) Mrs. Manju Bharat Ram; g) Mrs. Vasvi Bharat Ram; h) Mrs. Radhika Bharat Ram; i) SRF Ltd.; j) SRF Transnational Holdings Ltd.; k) Skylark Investments & Trading Pvt. Ltd.; l) Narmada Farms Pvt. Ltd.; m) Bhairav Farms Pvt. Ltd.

Corporate Governance

Certificate of the auditors of your Company regarding compliance with the conditions of corporate governance as stipulated in Clause 49 of the Listing Agreement with the stock exchanges is attached to the report as Annexure 1 to the Directors' Report.

Voluntary delisting of equity shares from certain stock exchanges

The equity shares of the Company are, at present listed on the Stock Exchanges at Mumbai, Delhi, Madras and Ahmedabad. The shares of the Company are compulsorily traded in dematerialized form.

Specific attention of the Members is drawn to item no. 8 of the Notice of the Annual General Meeting and the Explanatory Statement attached thereto, whereby the Company proposes to delist its equity shares from all Stock Exchanges except the Stock Exchange, Mumbai (BSE). With the wide and extensive networking of centres of BSE, the investors have access to online trading in shares of the Company across the country.

The listing fees paid to these Stock Exchanges do not now offer commensurate benefits to the Company/its shareholders and the continued listing on the said Stock Exchanges is not considered necessary. The Board of Directors has, therefore, decided to apply for voluntary delisting under the SEBI (Delisting of Securities) Guidelines, 2003, of the Company's equity shares from all Stock Exchanges except BSE. Considering that the equity shares will continue to be listed on BSE, no Exit Option is required to be offered to the shareholders. The delisting of the equity shares from the said Stock Exchanges

will not adversely affect any shareholder including those located in the regions where the said Stock Exchanges are situated.

Consolidated Financial Statement

In accordance with the Accounting Standard AS-21 & AS-23 on Consolidated Financial Statements, your Directors have pleasure in attaching the Consolidated Financial Statements, which form part of the Annual Report and Accounts.

Accounts and Audit

The Auditors, M/s Thakur, Vaidyanath Aiyar & Company, retire at the conclusion of the 5th Annual General Meeting and being eligible, offer themselves for re-appointment. The observations of the Auditors are explained wherever necessary in appropriate notes to the Accounts.

Management Discussion and Analysis

Management discussion and analysis on matters relating to the business performance, as stipulated in clause 49 of the listing agreement with the stock exchanges, is given as a separate statement in the Annual report.

Fixed Deposits

Your company continued to accept/renew fixed deposits and maintained a high standard of service. Deposits (including interest) amounting to Rs. 0.04 crores due for repayment on or before 31st March, 2005 remained unclaimed by 22 depositors. There have been no defaults in repayment of fixed deposits during the year.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings & Outgo

The prescribed details as required under Section 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in Report of Board of Directors) Rules, 1988 are set out in the Annexure 2 to the Directors' Report.

Particulars of Employees

As required by the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees), Rules, 1975, as amended, the name and other particulars of employee are set out in the Annexure 3 to the Directors' Report.

Acknowledgements

Your Directors acknowledge with gratitude the co-operation and assistance received from various agencies of the Central Government and the Government of Tamil Nadu, and banks. Your Directors thank the shareholders for their support. Your Directors also place on record their appreciation of the contribution made by employees at all levels.

For and on behalf of the Board

New Delhi
May 31, 2005

ARUN BHARAT RAM
Chairman



MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENTS

Fishnet Business

During the last year Fishnet Business has gone through a tough period with huge pressure on raw material pricing due to the global increase in oil pricing. While the business tried its best to increase the price, the lag time ensured that the margin remained under pressure. However, this year there is expected to be greater element of stability and hopefully this should translate into a more consistent operating environment. India has a large coastline and the opportunity for this business to grow remain strong. However, the fishing industry is not an organized industry and growth has remained in single digit. In the past the business had used a networking model for conversion of yarn into twine which was not very cost effective. To improve the internal parameters of cost, quality and delivery, the company is setting up a conversion unit at Manali with a capacity of 1800 TPA which should have an impact from 2006-07 onwards.

Engineering Plastics Business

The Engineering Plastics Business has seen very good growth on the volume front over the past year. This is directly linked to the changed conditions in the economy but also more specifically to the growth that we have seen in the auto component industry. The focus for the company remains in the nylon grade and through the product development facility at its plant in Manali it hopes to keep growth at high levels.

Opportunities and Threats

In the Fishnet business the Chinese threats remain a concern. While our strong distribution network in the domestic market gives us a strong position, the irrational pricing by the Chinese continues to haunt us. However, with the process costs and quality initiatives the company is reasonably confident of dealing with this threat.

Growth in the Engineering Plastics business will be driven by automobile sector. However, with reduction in duties and with various FTAs coming into play there is an increased threat from multinational manufacturers who are listed suppliers to several automobile manufacturers in global market. However the company has good image in the market and is also increasing its own capacity to ensure that it is able to keep its dominant position.

Outlook for SRF Polymers

Overall the company has the potential of growing in both its businesses. The opportunities are clearly there. However as

mentioned earlier the challenges are also great and will have to be dealt with cautiously while determining the growth path.

Internal control system and their adequacy

The Company has a proper and adequate system of internal controls to ensure that all assets are safe guarded and protected against loss from unauthorized use or disposition and that transactions are authorized, recorded and reported correctly.

An extensive program of internal audit through reputed external agency and company's own internal audit department, review by management and documented policies, guidelines and procedures supplement the internal control.

The internal control is designed to ensure that financial and other records are reliable for preparing financial and other information and other data, and for maintaining accountability of assets.

Financial and Operating performance

1. The operating profitability ratio is at 13.28%.
2. The current ratio of the company is at 1.51.
3. The Company has a debt equity ratio of 0.68.
4. Sales to total Fixed Asset Ratio is 7.04.

Human Resources

The company realises the importance of a competent and motivated manpower in achieving its goals. A systematic performance appraisal system is used for monitoring the performance of officers and staff at all levels. This exercise brings out achievements and shortcomings and helps in taking remedial measure for improving efficiency where necessary. Industrial relations remained cordial at all the locations during the period.

Cautionary Statement

Statements in this management discussion and analysis describing the company's objectives, projections, outlook estimates and expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make difference to the company's operations include global and Indian demand and supply conditions, product prices and raw material cost and availability, cyclical demand and pricing in the company's principal markets, changes in government regulations, tax regimes, economic developments within India and the countries with which the company conducts businesses, and other factors such as litigations and labour negotiations.



ANNEXURE-1 TO DIRECTORS' REPORT

AUDITORS' CERTIFICATE

To the Members of
SRF POLYMERS LIMITED

We have examined the compliance of conditions of Corporate Governance by SRF Polymers Limited, for the year ended on 31st March 2005, as stipulated in clause 49 of the Listing Agreement of the said company with stock exchange(s).

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us:

We certify that the company has complied with the mandatory

conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that there are no investor grievance(s) pending for a period exceeding one month against the company as per the records maintained by the Shareholders/Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For and on behalf of
THAKUR, VAIDYANATH AIYAR & CO.
Chartered Accountants

New Delhi
May 31, 2005

V. Rajaraman
Partner
M. No. 2705

Report  junction.com