



ANNUAL REPORT 2001-2002



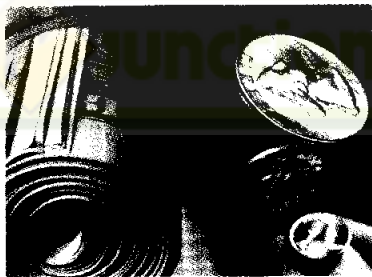
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T R A N S F O R M A T I O N

Forward-looking statement

In our report we have disclosed forward-looking information so that investors can better understand the company's future prospects and make informed decisions. This annual report and other written and oral statements that we make from time to time contain such forward-looking statements that set out anticipated results based on management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words and terms of similar substance in connection with any discussion of future operating or financial performance.

We cannot guarantee that any forward-looking statement will be realized, although we believe we have been prudent in our plans and assumptions. Achievement of future results is subject to risks, uncertainties and inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Investors should bear this in mind as they consider forward-looking statements. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



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In 2001-02, SRF Limited reported a 5.6 per cent decline in sales turnover and a 22.4 per cent drop in its net profit.

This was not unexpected.

This performance has been achieved despite a slowdown in the domestic cargo transportation sector, driven by an adverse economic environment coupled with the depressed global business environment.

The creation of SRF Polymers Ltd. as a separate entity marked an important milestone in our continuing journey of business restructuring.

The company has also launched Project SPARC – an internal initiative to transform itself into a Process Based Organisation. We expect that this will enable us to transform into a highly customer-focussed, knowledge-based organisation.

Of late, our customers have been doing better. In time, we hope to follow suit ...

AT SRF, WE HAVE
BEEN INDIA
LEADERS IN OUR
BUSINESSES FOR A
NUMBER OF YEARS.
INCREASING
GLOBALISATION
WILL MAKE INDIA
AND CHINA THE
NATURAL
INHERITORS OF
MOST
MANUFACTURING
BUSINESSES. WE ARE
THE RIGHT PEOPLE,
IN THE RIGHT
PLACE AND AT THE
RIGHT TIME.



SRF LIMITED

REGD.OFFICE: "EXPRESS BUILDING" 9-10, BAHADUR SHAH ZAFAR MARG, NEW DELHI 110 002

NOTICE

Notice is hereby given that the 31st Annual general meeting of SRF Limited will be held on Monday, the 2nd September, 2002 at 11 A.M. at the FICCI Golden Jubilee Auditorium, Federation House, Tansen Marg, New Delhi 110 001 to transact the following business: -

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2002 and the Profit & Loss Account for the year ended on that date together with the Reports of the Auditors' and Directors' thereon including noting of the revised audited Accounts for the year ended 31st March, 2001 prepared pursuant to the Scheme of Amalgamation, Arrangement and Reconstruction.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Shri K.Ravichandra, who retires by rotation and being eligible, offers himself for re-election.
4. To consider and if thought fit, to pass with or without modification, the following resolution as a Special 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 Board and re-imburement of travelling and other incidental expenses, if any, incurred in connection with the audit."
5. **To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:**

"RESOLVED that Shri M.V. Subbiah, who by his co-option as an additional Director with effect from 5th March, 2002, holds office upto the date of this Annual general meeting and in respect of whom the Company has received 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 of the Company liable to retire by rotation."
6. **To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:**

"RESOLVED that Shri Analjit Singh, who by his co-option as an additional Director with effect from 5th March, 2002, holds office upto the date of this Annual general meeting and in respect of whom the Company has received 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 of the Company liable to retire by rotation."
7. **To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:**

"RESOLVED that Shri Satish K. Kaura, who by his co-option as an additional Director with effect from 5th March, 2002, holds office upto the date of this Annual general meeting and in respect of whom the Company has received 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 of the Company liable to retire by rotation."
8. **To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:**

"RESOLVED that Shri Vinayak Chatterjee, who by his co-option as an additional Director with effect from 5th March, 2002, holds office upto the date of this Annual general meeting and in respect of whom the Company has received 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 of the Company liable to retire by rotation."
9. **To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:**

"RESOLVED that Shri V.R. Mehta, who by his co-option as an additional Director with effect from 5th March, 2002, holds office upto the date of this Annual general meeting and in respect of whom the Company has received 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 of the Company liable to retire by rotation."
10. **To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:**

"RESOLVED that pursuant to Section 309 and other applicable provisions, if any, of the Companies Act, 1956 and subject to such permissions as may be necessary, approval be and is hereby accorded to the payment of a

sum not exceeding 1% per annum of the net profits of the Company, calculated in accordance with the provisions of Sections 198, 349 and 350 of the Companies Act, 1956, to some or any of the Directors of the Company other than the Managing/Whole-time Directors, if any, in such manner and in all respects as the Board may determine and that such payment be made in respect of profits of the Company for the whole or proportionately for a part of each of its financial years during a period of 5 years commencing from 1st April, 2001."

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

"RESOLVED that subject to approval of the Central Government, consent of the Company be and is hereby accorded in terms of Section 314 and other applicable provisions, if any, of the Companies Act, 1956 to Shri Ashish Bharat Ram holding and continuing to hold an office of profit in the Company effective from the date of approval by the members carrying a monthly remuneration not exceeding Rs. 2 lacs consisting of a basic salary and allowances, amenities and facilities according to the Company's rules and regulations as are applicable to other employees with authority to the Management to sanction increase in monthly remuneration not exceeding Rs.20,000 once every year provided, however, that the Management may sanction any general increase in remuneration as is otherwise granted by it to all officers or to officers in his category.

RESOLVED FURTHER that the Board of Directors of the Company or the Remuneration Committee be and is hereby authorised to agree to and accept any change in the aforesaid Resolution as may be stipulated by the Central Government in according its approval."

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



(Anoop K. Joshi)
Company Secretary

New Delhi,
Dated: 23rd July, 2002

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 ANOTHER PERSON AS HIS PROXY TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK FORM OF PROXY IS ENCLOSED AND IF INTENDED TO BE USED, IT SHOULD BE RETURNED, DULY COMPLETED, TO THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTYEIGHT HOURS BEFORE THE SCHEDULED TIME OF THE MEETING.

3. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, the 1st August to Friday, the 9th August, 2002 (both days inclusive).
4. If dividend 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 1st August, 2002 or to their nominees/ mandatees. 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 for this purpose. Payment of dividend shall be subject to deduction of tax at source, wherever applicable.
5. In terms of the Income Tax Act, 1961, no tax will be deducted at source, if the aggregate amount of dividend payable to a member does not exceed Rs.1000/-.
Members eligible for tax exemption may file with the Company, on or before 10th August, 2002, the appropriate certificate from the Assessing Officer or Form 15G in duplicate, as the case may be, to receive the dividend without deduction of tax at source.
6. Members holding shares in physical form are requested to notify change in address, if any, under their signatures to the Company at its Registered office, quoting folio Nos. Members holding shares in electronic form may update such details with their respective Depository Participant.
7. 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.
8. All amounts of unclaimed dividend declared up to the financial year ended 31st March, 1994 have been transferred to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978. Those shareholders who have so far not claimed or collected their dividend up to the aforesaid financial year may claim their dividend from the Registrar of Companies (NCT of Delhi and Haryana), Paryavaran Bhavan, CGO Complex, New Delhi 110003.
9. Pursuant to Section 205A of the Companies Act, 1956, dividends for the financial years ended 31st March, 1995 and thereafter, which remain unpaid or unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account are required to be transferred to the Investor Education and Protection Fund of the Central Government.

Section 205C of the Act declares that no claims shall lie against the Fund or the Company in respect of individual amounts which were unclaimed and unpaid for seven years as aforesaid.

Shareholders are, therefore, advised that those who have not encashed their dividend warrant(s) so far for the financial years ended 31st March, 1995, 1996, 2000 and 2001 may send their outdated dividend warrants before the expiry of 7 years to the Company at its registered office for issue of demand drafts in lieu thereof.

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

Item No. 4

Under Section 224-A of the Companies Act, 1956, where not less than 25% of the subscribed share capital of a company is held either singly or in any combination, by Public financial institutions, Government companies, Nationalised banks, Insurance companies carrying on general insurance business, etc., the appointment or re-appointment of the auditor of that company shall be made by a Special Resolution.

The combined holding of the aforesaid institutions / nationalised banks / insurance companies in the Company is in excess of 25% of the subscribed capital. A Special Resolution has, therefore, been included for re-appointment of the auditors for the year 2002-03.

Messrs Thakur, Vaidyanath Aiyar & Co., Chartered Accountants have furnished a certificate dated 9th May, 2002 to the effect that their re-appointment, if made, will be in accordance with the limits specified in Section 224(1-B) of the Companies Act, 1956.

No Director of the Company is concerned or interested in the Resolution.

Item Nos. 5 to 9

Shri M.V.Subbiah, Shri Analjit Singh, Shri Satish K. Kaura, Shri Vinayak Chatterjee and Shri V.R. Mehta were co-opted as additional Directors on the Board of Directors of the Company on 5th March, 2002. In terms of the Company's Articles of Association and Section 260 of the Companies Act, 1956, they hold office upto the date of the forthcoming Annual general meeting.

Shri M.V.Subbiah

Shri M.V.Subbiah (63) is an industrialist. He studied at the University of Aston and went on to attend a Programme for Management Development at the Harvard Business School.

His current responsibilities also include mentorship of some businesses in the Murugappa Group (Sugar, Plantations, Nutraceuticals).

He is an active Member of the CII and was President of AIEI (forerunner of CII) in 1983-84.

Shri M.V.Subbiah is Chairman of Audit Committee of the Board.

Shri Subbiah is Chairman of Parrys Confectionery Ltd., Parry Investments & Finance Co.Ltd., Parry Nutraceuticals Ltd., Parry Agro Industries Ltd.and MM Muthiah Research Foundation, Executive Chairman in EID Parry (India) Ltd.; and Director in Triveni Engineering & Industries Ltd., Coromandel Fertilizers Ltd., Lakshmi Machine Works Ltd., Parry Murray & Co.Ltd., UK, ICI India Ltd., Leaf Parrys Ltd., Chennai Willingdon Corporate Foundation and Chennai Heritage.

Shri Analjit Singh

Shri Analjit Singh (48) is an industrialist. He holds a Masters Degree in Business Administration from Boston University, USA .

Shri Singh is the Chairman, CII National Committee on Healthcare and Member, National Council, Confederation of Indian Industry.

Shri Analjit Singh is a member of Remuneration Committee of the Board.

Shri Analjit Singh is Chairman of Max India Ltd., Max New York Life Insurance Co.Ltd., Max Ateev Ltd., DSM Anti Infectives India Pvt.Ltd., Max UK Ltd., Neeman Medical International plc., UK, Neeman Medical International Inc., USA, Neeman - ICIC, Costa Rica, Neeman Medical International NV, Netherlands, MMK Investments Pvt.Ltd.; Vice Chairman in Hindustan Max-GB Ltd., Co-Chairman in Hutchison Max Telecom Pvt.Ltd.; and Director in Max Visions Inc., USA, Indian School of Business, Grow Talent Co. Ltd., Mohair Investment & Trading Co.(P) Ltd., Boom Investments (P) Ltd., Dynavest India (P) Ltd. and Liquid Investment & Trading Co.

Shri Satish K.Kaura

Shri Satish K.Kaura (57) is an industrialist. He graduated from IIT Kanpur, before doing his masters in Electronics from Carleton University, Canada.

Shri Satish K. Kaura has been the Past President of Electronic Components Industries Association (ELCINA) and past Chairman of Confederation of Indian Industry (Northern Region).

He has been recognised and honoured by various organisations. His concern for environment was recognized by the Care for Nature Award presented by H.R.H. Phillip, International President WWF at the National Conservation Congress Delhi in November, 1994.

Shri Satish K. Kaura is Chairman of Remuneration Committee of the Board.

Shri Satish K. Kaura is Chairman & Managing Director of Samtel Color Ltd.; Managing Director in Samtel India Ltd.; and Samcor Glass Ltd. and Director in Centurion Bank Ltd., Paramount Capfin Leasing Pvt.Ltd., Blue Bell Trade Links Pvt.Ltd., Samtel Display Ltd. and Parsec Technologies (India) Ltd.

Samtel is India's largest integrated picture Tube manufacturer, employing nearly 4500 people in 8 factories including one in Ulm, Germany.

Shri Vinayak Chatterjee

Shri Vinayak Chatterjee (42) is a graduate in Economics from St.Stephen's College, Delhi and a Post-graduate in Management from the Indian Institute of Management, Ahmedabad

He is strategic advisor to leading corporates and government, in the areas of economic policy and infrastructure planning and implementation.

He is currently the Chairman of CII-National Committee on Urban Infrastructure (India's largest industry association) and was the Chairman of CII (Northern Region) for the year 2000-01.

Shri Vinayak Chatterjee is a member of the Shareholders/ Investors Grievance Committee, Remuneration Committee and Audit Committee of the Board.

Shri Vinayak Chatterjee is Chairman of Feedback Ventures Pvt.Ltd. and Feedback Strategic Consultancy Services Pvt.Ltd.; Director in Feedback Infrastructure Pvt.Ltd., Mission Holdings Pvt.Ltd., Feedback First Urban Infrastructure Development Co.Ltd., Feedback HSS Integrated Pvt.Ltd.; and Alternate Director in Feedback Reach Consultancy Services Ltd.

Feedback Ventures is today India's leading integrated

infrastructure development group in the Core, Urban and Social infrastructure arena.

Shri V.R. Mehta

Shri V.R. Mehta (67) is an engineer by education and an economist and financial expert by practice. He presently undertakes short-term assignments as Senior Consultant for the World Bank in Washington D.C. and the African Development Bank in Abidjan, Ivory Coast.

Shri V.R. Mehta is a member of Audit Committee of the Board. Formerly, he was the nominee of Unit Trust of India on the Company's Board since 30.4.1998.

Shri V.R. Mehta is Director in Birla VXL Ltd., Haldia Petrochemicals Ltd., Pipavav Ship Dismantling and Engineering Ltd., Sea King Infrastructure Ltd., Tata Engineering & Locomotive Co. Ltd., Telco Construction Equipment Co. Ltd., and Tamil Nadu Newsprint and Papers Ltd.

The Company has received notices under Section 257 of the Companies Act, 1956 together with deposits of Rs. 500/- each from members intending to propose the respective candidature of Shri M.V.Subbiah, Shri Analjit Singh, Shri Satish K.Kaura, Shri Vinayak Chatterjee and Shri V.R.Mehta at the 31st Annual general meeting.

It is in the interest of the Company to continue to have the benefit of experience and expertise of Shri M.V.Subbiah, Shri Analjit Singh, Shri Satish K.Kaura, Shri Vinayak Chatterjee and Shri V.R. Mehta on the Company's Board.

No Director other than Shri M.V.Subbiah (in respect of Resolution No.5), Shri Analjit Singh (in respect of Resolution No.6), Shri Satish K.Kaura (in respect of Resolution No.7), Shri Vinayak Chatterjee (in respect of Resolution No.8) and Shri V.R. Mehta (in respect of Resolution No.9) is concerned or interested in the resolutions.

Item No. 10

By a Special resolution passed on 16th September, 1996, the members had authorised the payment of a sum upto 1% of the net profits of the Company, calculated in accordance with Sections 198, 349 and 350 of the Companies Act, 1956 in respect of each of the five financial years commencing from 1st April, 1996, to some or any of the Directors other than the Managing or Whole-time Directors as the Board may determine, in connection with any extra work done or special exertions made for any purpose of the Company and/or special attention given by one or more of them in certain areas of business. The said authorisation could not, however, be utilised due to absence/inadequacy of profits during the period of 5 years under reference.

As the circumstances which necessitated the passing of the Special resolution continue to exist, approval of the shareholders is being sought for a fresh authorisation in favour of the Board for payment of commission on the same rate for a period of 5 years commencing from 1st April, 2001.

The proposed resolution is in accordance with Section 309 of the Companies Act, 1956 and the Articles of Association of the Company. The payment of commission authorised thereby is in respect of the whole or proportionately a part of each of the financial years during a period of 5 years commencing from 1st April, 2001.

The Directors other than the working Directors are interested in the resolution. However, Shri Arun Bharat Ram, being a

relative of Dr. Bharat Ram may be deemed to be interested in the resolution.

Item No.11

Shri Ashish Bharat Ram, son of Shri Arun Bharat Ram, Vice-Chairman & Senior Managing Director was appointed Whole Time Director effective from 1.8.01, with the approval of the shareholders at the last annual general meeting. He has since resigned from the Board effective from 23.7.02 and therefore ceases to be a whole-time Director. It is proposed that Shri Ashish Bharat Ram takes up employment in the Company's management cadre.

Shri Ashish Bharat Ram holds a Masters' degree in Business Administration on Corporate Strategy from Cornell University, USA and has 8 years' working experience in senior positions in the Company and its international subsidiaries. During his tenure, he has, inter alia, been looking after the Company's IT Business.

Keeping in view his qualification, experience particularly in IT business and the responsibilities shared in the organisation, a proposal to appoint him as Head, Strategic Planning (IT Business) is for members' approval. The appointment of Shri Ashish Bharat Ram would result in his holding an office of profit in the Company as contemplated by Section 314 of the Companies Act, 1956.

In terms of Section 314(1B) of the Companies Act, 1956, the appointment of relative of a Director to an office or a place of profit in a company carrying a monthly remuneration of not less than Rs. 20,000 requires prior consent of the shareholders by a special resolution and also the approval of Central Government. Members' consent is sought by the Special resolution in compliance with the said requirement.

In his new assignment, Shri Ashish Bharat Ram will be reporting to the Sr. Vice President & Chief Executive Officer (IT Business) and will be handling strategic planning, HR, acquisitions, alliances and mergers relating to the said business.

The proposed monthly remuneration of Shri. Ashish Bharat Ram is comparable with professionals in the industry with similar qualifications and experience.

The resolution specifies the initial monthly remuneration and the limit upto which increase may be granted annually.

Dr. Bharat Ram & Shri Arun Bharat Ram are interested in the Resolution. No other Director is concerned or interested in the Resolution.

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 Tower, Dalal Street
Mumbai 400 001
4. Madras Stock Exchange Limited
Exchange Building, Post Box No.183
11, Second Line Beach, Chennai 600 001

Annual Listing fee upto March 2003 has been paid to the above Stock Exchanges.



OUR GOAL IS TO BE
A WORLD LEADER IN
EACH OF OUR BUSINESSES

TRANSFORMATION

IN OUR

STRATEGY

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