



DUTRON POLYMERS LIMITED

27th ANNUAL REPORT 2007-2008

BOARD OF DIRECTORS	:	SHRI SUDIP B. PATEL CHAIRMAN
		SHRI RASESH H. PATEL MANAGING DIRECTOR
		SHRI ALPESH B. PATEL WHOLE TIME DIRECTOR
		SHRI CHANDUBHAI T. SHAH INDEPENDENT DIRECTOR
		SHRI KAUSHIK N. PATEL INDEPENDENT DIRECTOR
		SHRI ASHVIN V. KOTHARI INDEPENDENT DIRECTOR (Upto December 27, 2007)
AUDITORS	:	BAHETI BHADADA & ASSOCIATES CHARTERED ACCOUNTANTS
		201, SHAILY COMPLEX, OLD GUJARAT HIGH COURT ROAD, NR. DR. AMRISH PARIKH HOSPITAL, ASHRAM ROAD, AHMEDABAD - 380 009
BANKERS	:	CORPORATION BANK OPP. NAVRANGPURA BUS STOP, NAVRANGPURA, AHMEDABAD - 380 009.
		THE AHMEDABAD MERCANTILE CO-OPERATIVE BANK LTD. (SCHEDULED BANK) AMCO HOUSE, STADIUM ROAD, NAVRANGPURA, AHMEDABAD - 380 009.
		HDFC BANK LTD. MITHAKHALI BRANCH, NAVRANGPURA, AHMEDABAD-380 009.
REGISTERED OFFICE	:	"DUTRON HOUSE", NR. MITHAKHALI UNDERBRIDGE, NAVRANGPURA, AHMEDABAD - 380 009.
FACTORY	:	BLOCK NO. 642, AT & P. O. HARIYALA, N.H. 8 TA. KHEDA, DIST. KHEDA-387 411. GUJARAT
REGISTRARS & SHARE TRANSFER AGENT	:	PINNACLE SHARES REGISTRY PVT. LTD. NR. ASOKA MILLS, NARODA ROAD, AHMEDABAD- 380 025.

NOTICE

NOTICE IS HEREBY GIVEN THAT the 27th Annual General Meeting of the Members of DUTRON POLYMERS LIMITED, will be held on Wednesday, 10th September, 2008 at 11.30 A.M. at The Ahmedabad Textile Mills Association (ATMA) Hall, Opp. City Gold Cinema, Ashram Road, Ahmedabad-380 009 to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2008 and the Profit and Loss Account for the year ended on that date together with the Directors' Report and Auditors' Report thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Shri Alpesh B. Patel, who retires by rotation and is eligible for reappointment.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL AND THE PROXY NEED NOT TO BE A MEMBER.
2. Members who have not encashed their dividend warrants for the financial year 2000-2001 and onwards are requested to approach the Company for revalidation/obtaining duplicate dividend warrants. Consequent to the amendment of section 205A of the Companies Act, 1956 and introduction of Section 205C, by the Companies(Amendment) Act, 1999, now the amount of dividend remaining unclaimed for a period of 7 years shall be transferred to the investor Education and Protection Fund.
3. The Equity Shares of the Company is listed at the Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 (Company Code : 517437). The annual listing fee for the financial year 2008-2009 has been paid to the Stock Exchange.
4. Members of Physical shares are requested to notify to the registrar any change in their address.

By Order of the Board of Directors

Ahmedabad
June 11, 2008

S. B. PATEL
Chairman

DIRECTORS' REPORT**To****The Members,****DUTRON POLYMERS LIMITED**

Your Directors have pleasure in presenting the 27th Annual Report together with the Audited Statements of Accounts of the Company for the year ended on 31st March, 2008.

OPERATING RESULTS AND BUSINESS

The performance of the Company during the year 2007-2008 is summarised below :

	<u>2007-08</u> (Rs. in Lacs)	<u>2006-07</u> (Rs. in Lacs)
Profit before Depreciation & Taxation	167.89	131.85
Depreciation	69.06	57.50
Provision for Taxation	30.50	28.10
Fring Benefit Tax	0.30	0.31
(Excess)/Short Provision for Taxation (Earlier years)	(0.31)	0.03
Net Profit after Tax	68.34	45.91
Profit Available for Appropriation	91.67	75.45
Proposed Dividend	54.00	36.00
Transfer to General Reserve	5.00	10.00

The company continued to have growth in the financial year 2007-08 driven by good performance in HDPE Pipes business.

For the year ended March 31, 2008, The Company earned a total income of Rs. 34.97 crore, an increase of 25.1% over previous year's Rs. 27.95 crore. The net profit of the Company for the year increased to Rs. 68.34 lacs as compared to Rs. 45.91 lacs in the previous year.

During the year the scenario of consistently increasing plastic raw material prices put pressures on profit margins of the Company, causing lower profit margins compared to previous year.

The company continued investments in further updation of machineries particularly in HDPE Pipes manufacturing and ancillaries. During the year, the company began full fledged operation of its depot at Jaipur to capture local demand in that area.

DIVIDEND

Your directors recommend a dividend of 9% on 60,00,000 equity shares of Rs. 10/- each for the year ended March 31, 2008 which will be free of tax in the hands of share holders.

FIXED DEPOSITS

During the year, the Company has not accepted any deposits from the public except deposits from directors and shareholders as at 31.03.2008 amounting to Rs. 3,73,46,910/-. The Company has filed a statement in lieu of advertisement with the Registrar of Companies, Gujarat.

PARTICULARS AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975

The Company has not paid any remuneration attracting the provisions of section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended to date. Hence no information is required to be appended to this report in this regard.

INSURANCE

All the assets of the Company including inventories, building, plant & machineries are adequately insured.

DIRECTORATE

Persuant to Article 84 of the Articles of Association of the Company read with section 256 of the Companies Act, 1956, Shri Alpesh B. Patel, Director of the company, is due to retire of the ensuing Annual General Meeting, and is eligible for reappointment.

AUDITORS

M/s. Baheti Bhadada & Associates, Chartered Accountants, Ahmedabad retire at the conclusion of the forthcoming Annual General Meeting and are eligible for reappointment. The Company has received letters from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956

DIRECTOR'S RESPONSIBILITY STATEMENT

As required under Section 217(2AA) which was introduced by the Companies (Amendment) Act, 2000 your directors confirm that :

- i In the preparation of the annual accounts, the applicable accounting standards have been followed.
- ii The Directors have selected such accounting policies and applied them consistently and made judgement and estimates that are 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 that period.
- iii The Directors to the best of their knowledge and information, have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv The Directors have prepared the annual accounts on a going concern basis.
- v Corporate Governance

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, a separate section titled "Corporate Governance" is attached to this Annual report.

INFORMATION PURSUANT TO SECTION 217(1)(e) OF THE COMPANIES ACT, 1956

Information as per clause (e) of sub-section (1) of section 217 of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in the Annexure forming part of this report.

OUTLOOK FOR THE CURRENT YEAR

The Company has initiated expansion plans for manufacturing high end quality of PVC Pipes for hot and cold water applications. This expansion will be completed in two months. With this product, the company expects further growth in its performance during current year.

ACKNOWLEDGEMENTS

Your Directors would like to express their appreciation for committed services by the executives, staff and workers of the Company. Your Directors also wish to place on record their deep sense of appreciation for assistance and co-operation received from the banks, Government authorities, customers, vendors and members during the year.

By Order of the Board of Directors

Ahmedabad
June 11, 2008

S. B. PATEL
Chairman

ANNEXURE TO DIRECTORS' REPORT

Disclosure as per the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY (FORM A)

Energy conservation measures carried out during the year are :

- (i) Two old Srew-Barrels replaced by new higher output screw-Barrels for PVC pipe plants.

Form for disclosure of Particulars with respect to consumption of energy

Not Applicable

B. TECHNOLOGY ABSORPTION (FORM B)

Details are provided in Form B annexed hereto

Form for disclosure of particulars with respect to absorption of technology, research & development.

(a) Research and Development (R & D)

1. Specific areas in which R & D carried out by the Company : Nil
2. Benefits derived as a result of the above R & D : Not Applicable
3. Future plan of action : Nil
4. Expenditure on R & D
 - (a) Capital : Nil
 - (b) Recurring : Nil
 - (c) Total : Nil
 - (d) Total R & D expenditure as a percentage of total turnover : Not Applicable

b) Technology Absorption, Adaptation and Innovation

1. Efforts, in brief, made towards technology absorption : (i) Old Temperature controllers were replaced with new PID type controllers for all plants.
2. Benefits derived as a result of the above efforts : (i) Better control in production thereby reducing wastage and improving quality of production.
3. Information regarding technology imported
 - (a) Technology imported : HDPE pipe manufacturing, sale and application
 - (b) Year of Import : 1993 – 94
 - (c) Has technology been fully absorbed : Yes

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

	2007-08 (Rs.)	2006-07(Rs.)
Total foreign exchange outgo	2,30,52,283/-	2,24,93,962/-
Total foreign exchange earnings	-----	-----

For and on behalf of the Board of Directors

Ahmedabad
June 11, 2008

S. B. PATEL
Chairman

CORPORATE GOVERNANCE

Dutron Polymers Limited has established a tradition of the highest standards of corporate governance principles and best practices. The Company is committed to introducing corporate governance practices in tandem with domestic and international developments to position it to conform to the best governance practices.

1. OUR GOVERNANCE PHILOSOPHY

The company's philosophy on corporate governance envisages the attainment of the highest levels of transparency, accountability and equity in all facets of its operation and in all its interactions with its stakeholders including shareholders, employees, the government, lenders and the society. The company believes that all its operations and actions must be the underlying goal of enhancing overall shareholder value, over a sustained period of time. In our commitment to practice sound governance principles, we are guided by the following core principles:

1.1 Transparency

To maintain the highest standards of transparency in all aspects of our interactions and dealings

1.2 Disclosures

To ensure timely dissemination of all price sensitive information and matters of interest to our stakeholders

1.3 Accountability

To demonstrate highest levels of personal responsibility and continually affirm that employees are responsible to themselves for the pursuit of excellence

1.4 Compliances

To comply with all the laws and regulations as applicable to the company

1.5 Ethical conduct

To conduct the affairs of the company in an ethical manner

1.6 Stakeholders' interests

To promote the interests of all stakeholders including customers, shareholders, employees, lenders, vendors and the community

2. GOVERNANCE PRACTICES BEYOND REGULATORY REQUIREMENTS

Our governance practices go beyond the statutory and regulatory requirements. Our endeavor is to follow the spirit of good governance than mere compliance with the conditions specified by regulatory authorities. With this objective, we have formulated, inter alia, the following policy documents and introduced best practices of governance:

2.1 Values and Commitments

We have set out and adopted policy documents on 'values and commitments' of the Company. We believe that any business conduct can be ethical only when it rests on the nine core values of honesty, integrity, respect, fairness, purposefulness, trust, responsibility, citizenship and caring.

2.2 Code of Ethics

Our policy document on 'code of ethics', in essence, directs that our employees should conduct the business with integrity by excluding consideration of personal advantage.

2.3 Business Policies

Our 'business policies' contain the policy on fair market practices, inside information, financial records and accounting integrity, external communication, work ethics, personal conduct, policy on prevention of sexual harassment, health, safety & environment and quality.

2.4 Separation of the Board's Supervisory Role from the Executive Management

In line with the best global practices, we have adopted the policy of separating the Board's supervisory role from the executive management and splitting the posts of chairman and MD.

2.5 Prohibition of Insider Trading Policy

This document contains the policy on prohibiting trading in the equity shares of the Company, based on inside or privileged information.

2.6 Prevention of Sexual Harassment

Our policy on prevention of sexual harassment aims at promoting a productive work environment and protects individual rights against sexual harassment.

2.7 Whistle Blower Policy

Our whistle blower policy encourages disclosure in good faith of any wrongful conduct on a matter of general concern and protects the whistle blower from any adverse personnel action.

2.8 Risk Management

Our risk management procedures ensure that the management controls risks through means of a properly defined framework.

3. BOARDROOM PRACTICES**3.1 Board Charter**

The board of directors has adopted a comprehensive board charter. The charter has set out matters relating to board composition, scope and functions of the board and its committees, etc.

3.2 Tenure of Independent Directors

Tenure of independent directors on the board of the Company shall not extend beyond stipulated years, subject to their re-appointment on retirement by rotation as per statutory provisions.

3.3 Director's Interaction with Shareholders

Shri Rasesh H. Patel, Shri Chandubhai T. Shah and Shri Kaushik N. Patel interact with shareholders on their suggestions and queries which are forwarded to the company secretary.

3.4 Meeting of Independent Directors with Operating Team

The independent directors of the company meet in executive sessions with the operating teams in each of the respective areas, on a regular basis as they deem necessary. These executive session discussions may include topics such as, operating policies and procedures; risk management strategies; measures to improve efficiencies; performance and compensation; strategic issues for board consideration; flow of information to directors; management progression and succession and others as the independent directors may determine. During these executive sessions, the independent directors have access to members of management and other advisors, as the independent directors may determine and deem fit.

3.5 Commitment of Directors

The board meeting dates for the entire financial year are scheduled in the beginning of the year and an annual calendar of meetings of the board and its committees is circulated to the directors. This enables the directors to plan their commitments and facilitates attendance of all directors at the meetings of the board and its committees. Such advance planning of meetings enable the directors to plan their commitments, particularly in the context that the meetings of the board normally extend over the entire working day.

4. GOVERNANCE PRACTICES BEING FOLLOWED TO PROMOTE THE INTERESTS OF OUR STAKEHOLDERS

We have in the recent past introduced several trend setting governance practices to improve stakeholder satisfaction.

5. COMPLIANCE WITH CLAUSE 49 OF THE LISTING AGREEMENT

Dutron Polymers Limited is fully compliant with the mandatory requirements of clause 49 of the listing agreement formulated by Securities and Exchange Board of India (SEBI). The report on compliance of governance conditions specified in clause 49.

5.1 The Board of Directors

5.1.1 Board composition - Board Strength and Representation

As at March 31, 2008, the board consisted of Five members. The composition of and the category of directors on the board of the company were as under:

Category	Particulars of Directors
Promoters & Executive Directors	<ul style="list-style-type: none"> - Shri Sudip B. Patel - Shri Rasesh H. Patel
Promoter & Non Executive Director	<ul style="list-style-type: none"> - Shri Alpesh B. Patel
Independent & Non- Executive Director	<ul style="list-style-type: none"> - Shri Chandubhai T. Shah - Shri Kaushik N. Patel - Shri Ashwin V. Kothari (upto 27th December 2007)
Nominee Director	<ul style="list-style-type: none"> - None

5.1.2 Conduct of Board Proceedings

The day to day business is conducted by the officers and the managers of the Company under the direction of the board led by the Chairman. The board holds five to six meetings every year to review and discuss the performance of the company, its future plans, strategies and other pertinent issues relating to the company.

The board performs the following specific functions in addition to the oversight of the business and the management:

- ❖ Review, monitor and approve major financial and business strategies and corporate actions.
- ❖ Assess critical risks facing the company their mitigation.
- ❖ Provide counsel on the selection, evaluation, development and compensation of senior management.
- ❖ ensure that processes are in place for maintaining the integrity of
 - the company
 - the financial statements
 - compliance with law
 - relationships with all the stakeholders
 - Delegation of appropriate authority to the senior executives of the company or effective management of operations.

5.1.3 Board Meetings

Nine Board Meetings were held during the year. They were held on 2nd April 2007, 9th June 2007, 31st July 2007, 5th September 2007, 31st October 2007, 16th November 2007, 27th December 2007, 31st January 2008 and 15th March 2008.

5.1.4 Attendance of directors at the Board Meetings held during 2007-08 and the last Annual General Meeting (AGM)

Directors	Meetings In year	Meetings Attended	AGM Attended
Shri S. B. Patel	9	9	Yes
Shri R. H. Patel	9	9	Yes
Shri A. B. Patel	9	9	Yes
Shri C. T. Shah	9	4	Yes
Shri K. N. Patel	9	4	No
Shri A. V. Kothari	9	1	No

Notes :

- * None of Directors have business relationship with the Company.
- * None of the director receive any loans and advance from the Company

5.1.5 Other Directorships

None of the directors holds directorships in more than 15 public limited companies.

The details of directorships (including private limited, foreign company and companies under section 25 of the Companies Act, 1956), Chairmanships and the Committee memberships held by the directors as on March 31, 2008:

Name of Directors	Number of other Membership / Directorship
Shri S.B. Patel	4
Shri R.H. Patel	3
Shri A.B. Patel	3
Shri C. T. Shah	Nil
Shri K. N. Patel	3
Shri A.V. Kothari	Nil

Notes:

1. The information provided above pertains to the following committees in accordance with the provisions of clause 49 of the listing agreement :
 - a. Audit committee
 - b. Shareholders/investors' grievances committee
2. Membership of committees includes chairmanship, if any.

5.1.6. Memberships of Board Committees

No director holds membership of more than 10 committees of boards nor is any director a chairman of more than 5 committees of boards.

5.1.7 Details of Directors

The abbreviated resumes of all Directors are furnished hereunder:

❖ Shri Sudip B. Patel

Sudip has B.E. in Chemical Engg. from L. D. College of Engineering, Ahmedabad and M. Tech. Engg. From UDCT, Mumbai. He later on completed his MBA from USA. He is son of founder of Dutron Group Late Shri Bipinchandra Patel. After completing his education he has joined the family business. He is Chairman of the company and looking after production. He is also key person for new product developments, R&D activity and expansions. He is also the Whole time Director of the other group companies: Dutron Plastics Ltd., Nippon Polymers Pvt. Ltd., Dutron Telecom Pvt.Ltd. & Cosmofil Platisack Pvt. Ltd.