

DUTRON

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DUTRON POLYMERS LIMITED

28th ANNUAL REPORT 2008-2009

BOARD OF DIRECTORS	:	SUDIP B. PATEL CHAIRMAN RASESH H. PATEL MANAGING DIRECTOR ALPESH B. PATEL WHOLE TIME DIRECTOR CHANDUBHAI T. SHAH INDEPENDENT DIRECTOR KAUSHIK N. PATEL INDEPENDENT DIRECTOR PRAFUL G. SHAH INDEPENDENT DIRECTOR (From June 1, 2009)
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 28th **ANNUAL GENERAL MEETING** of the members of DUTRON POLYMERS LIMITED will be held on Thursday, 17th September 2009 at 11.30am at The Ahmedabad Textile Mills Association (ATMA) hall, Opp. City Gold Cinema, Ashram Road, Ahmedabad – 380009 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2009 and the Profit and Loss Account for the year ended that date together with Director's Report and Auditor's Report thereon.
2. To declare dividend on equity shares.
3. To appoint a director Shri Chandubhai T. Shah who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director Shri Kaushik N. Patel who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint statutory Auditors and to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

6. To consider and if thought fit to pass with or without modifications, the following resolution as a special Resolution:
 "RESOLVED THAT Shri Praful G. Shah, who was appointed as an Additional Director of the company w.e.f. 01.06.09 by the Board of Director and who holds the office, under section 260 of the Companies Act, 1956, up to the date of ensuring Annual General Meeting and in respect of whom the company has, pursuant to section 257 of the Companies Act, 1956, received a notice in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable for retirement on rotation basis."
7. To consider and if thought fit to pass with or without modifications, the following resolution as a special Resolution:
 "RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956; read with Schedule XIII to the said Act, the consent to the Company be and is hereby accorded to the reappointment of Shri Rasesh H. Patel, Managing Director of the Company for a period of 5 years with effect from 1st April 2009 to 31st March 2014 on the remuneration and other terms and conditions as set out in the draft agreement submitted to this meeting which agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or remuneration so as not exceed the limit specified in Schedule XIII to the Companies Act, 1956."
 "FUTHER RESOLVED THAT the Board be and is hereby authorized to take such steps as may be necessary proper or expedient to give effect to this resolution."

THE EXPLANATORY STATEMENT IN RESPECT OF ITEM NOS. 6 AND 7 PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.

Item No. 6

Shri Praful G. Shah was appointed by the Board of Directors at their meeting held on 01.06.2009 as Additional Director of the Company w.e.f. 01.06.2009 in terms of section 260 of the Companies Act, 1956. He shall hold the office up to the date of the ensuing Annual General Meeting. The company has received valid notice from a member of the Company under section 257 of the Companies Act, 1956, proposing the candidature of Shri Praful G. Shah for the office of the Director.

Brief resume of the director being appointed is furnished hereunder:

Shri Praful G. Shah, B.Com, LL.M, age 75 years, is practising in Income Tax (Advocate) for 37 years. He has varied experience as Lecturer in Law College. He is member of Income Tax Appellate Tribunal Association and also Income Tax Bar Association for last so many years. In view of the background and valuable experience of Shri Praful G. Shah, it will be in the interest of the company that Shri Praful G. Shah continues as a Director of the Company.

The Directors recommended the resolution for approval of the shareholders.

None of the directors except Shri Praful G. Shah are interested in the resolution.

Item No. 7

Shri Rasesh H. Patel who joined the company as a Director on April, 1993 and was appointed as Joint Managing Director of the Company on January 1, 1994 for a period of five years which was extended by further five years in 1999 and 2004. He has made remarkable contribution towards advancement and development of the Company in all spheres through his proficiency in business knowledge and technical principles backed by a varied experience of 16 years.

In View of his services, the Board of Directors at their meeting held on 18th June 2009 considered reappointment Shri Rasesh H. Patel as the Managing Director of the Company for a period of five years with effect from 1st April, 2009 to 31st March, 2014, subject to the approval of the members at the general meeting of the Company. The Company are given hereunder:

1. Period of Contract : Five Years from 01-04-2009
2. Salary : Rs. 3,00,000/- per Annum effective from 1st April, 2009 and can be increased / decreased by Board as and when decided.
3. Perquisites:
In addition to salary, the Managing Director will be allowed perquisites such as housing facility, medical reimbursement, leave travel allowance, personal accident insurance, car and telephone for business purpose, commission and other perquisites such that the total managerial remuneration does not exceed 10% of the net profits of the Company, as per the provisions contained in Section I of Part II of Schedule XIII to the Companies Act, 1956, or as amended from time to time.
4. Contribution to Provident Fund, Superannuation Fund or annuity Fund :
The contribution to Provident Fund, Superannuation Fund or Annuity Fund shall not be included in the computation of the ceiling on remuneration to the extent these singly or put together are not taxable under the Income Tax Act, 1956.
5. Gratuity :
Gratuity payable shall not exceed half month's salary for each year of completed service subject to a ceiling of Rs. 3,50,000/- as per the Payment of Gratuity Act, 1972 or as amended from time to time.
6. Leave Encashment :
The Managing Directors shall be entitled to one-month leave for every completed year of service. Leave not availed for will be allowed to be encashed.
7. Minimum Remuneration :
In the event of absence or inadequacy of profits in any financial year, the remuneration to the Managing Director shall be as per the provisions contained in Para 2 of Section II of Part II of Schedule XIII to the Companies Act, 1956.
8. The Managing Director, so long as he functions as such shall not be paid any sitting fees for attending the meetings of the Board of Directors or committee thereof.
9. The respective Agreement may be terminated by either party (Company or the concerned Managing Director) by giving the other three months prior notice of termination in writing.

The Directors recommended the resolution for approval of the shareholders.

None of the directors other than Shri Rasesh H. Patel are interested in the resolution.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTANED AND VOTE INSTEAD OF HIMSELF ON A POLL AND THE PROXY NEED NOT TO BE A MEMBER.
2. Members who have encashed their dividend warrants for the financial year 2001-02 and onwards requested to approach the Company for revalidation/obtaining duplicate warrants. Consequents 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 2009-2010 has been paid to the stock Exchange.
4. The Register of members and the Share transfer Books of the Company will remain closed from Saturday, 12th September 2009 to Thursday, 17th September 2009 (both days inclusive).
5. Members of physical shares are requested to notify to the registrar any change in their address.

BY ORDER OF THE BOARD

Place : Ahmedabad
Date : June 18, 2009

S. B. Patel
Chairman

DIRECTORS' REPORT

To

The Members,

DUTRON POLYMERS LIMITED

Your Directors have pleasure in presenting the 28th Annual Report together with the Audited Statements of Accounts of the Company for the year ended on 31st March 2009.

OPERATING RESULTS AND BUSINESS

The performance of the Company during the year 2008-2009 is summarised below :

	<u>2008-09</u>	<u>2007-08</u>
	(Rs. in Lacs)	(Rs. in Lacs)
Profit before Depreciation & Taxation	236.48	167.89
Depreciation	82.03	69.06
Provision for Taxation	51.25	30.50
Fring Benefit Tax	0.47	0.30
(Excess)/Short Provision for Taxation (Earlier years)	0	(0.31)
Net Profit after Tax	102.73	68.34
Profit Available for Appropriation	126.23	91.67
Proposed Dividend	66.00	54.00
Transfer to General Reserve	19.00	5.00

The company has performed exceptionally well during 2008-09 in spite of suppressed economic scenario in India and across the world. This growth has been achieved mostly in PVC Pipes business.

For the year ended March 31, 2009, The Company earned a total income of Rs. 42.99 crore, an increase of 22.95% over previous year's Rs. 34.97 crore. The net profit of the Company for the year increased to Rs. 102.73 lacs as compared to Rs. 68.34 lacs in the previous year.

During the year in July 2008, the company commenced production and marketing of CPVC Pipes and fittings, which added another product in Dutron's portfolio. In spite of the adverse conditions of real estate segment in India during second half of the year, Dutron's CPVC piping system has received encouraging response from distributors and direct consumers. For all the products, company's market penetration increased in Western & Northern parts of India. This has resulted in healthy growth of the Company's revenues.

DIVIDEND

Your directors recommend a dividend of 11% on 60,00,000 equity shares of Rs. 10/- each for the year ended March 31, 2009 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 as at 31.03.2009 amounting to Rs. 4,23,01,566/-. 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 Chandubhai T. Shah and Shri Kaushik N. Patel, Director's of the company, is due to retire at 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

Growth of PVC & HDPE Pipes market in India is estimated for the current year as above 10%. In addition, Indian economy is expected to recover during the current year. Looking at this, there are opportunities for your company to grow. With continued efforts to expand marketing network in untapped regions of India, your directors expect promising results in the 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 18, 2009

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) New High output Conical Twin Screw extruder installed for pvc plants.
- (ii) One higher capacity pump installed in the place of two pumps for cold water circulation to 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, reserach & 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) Two layer plating done on PVC Die-heads
 - (ii) New designed couplers developed for HDPE Sprinkler pipes
2. Benefits derived as a result of the above efforts :
 - (i) Longer life of Die-head, improvement in surface finish of the product
 - (ii) Leak proof and easy fitting thereby saving leakage of water
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

	2008-09 (Rs.)	2007-08(Rs.)
Total foreign exchange outgo	2,30,79,342/-	2,30,52,283/-
Total foreign exchange earnings	-----	-----

For and on behalf of the Board of Directors

Ahmedabad
June 18, 2009

S. B. PATEL
Chairman

CORPORATE GOVERNANCE

Dutron Polymers Limited has established a tradition of the highest standards of corporate governance principals and best practices. The Company is committed to introducing corporate governance practices in tandem with domestics 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 transference, accountability and equity in all facets of its operation and in all its interactions with its stake holders including shareholders, employees, the government, lenders and the society. The company believes that all its operations and actions must 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 alias, 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 frame work.

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). We present our 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, 2009, 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	- Shri Sudip B. Patel - Shri Rasesh H. Patel
Promoter & Non Executive Director	- Shri Alpesh B. Patel
Independent & Non- Executive Director	- Shri Chandubhai T. Shah - Shri Kaushik N. Patel
Nominee Director	- 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 15th May 2008, 11th June 2008, 12th June 2008, 31st July 2008, 10th September 2008, 6th October 2008, 31st October 2008, 31st January 2009, 14th March 2009.

5.1.4 Attendance of directors at the Board Meetings held during 2008-09 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

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, 2009:

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

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.