



SRF
POLYMERS

SRF Polymers Limited

**Annual Report
2007-2008**



BOARD OF DIRECTORS

Mr. Arun Bharat Ram, Chairman
 Mr. Ashish Bharat Ram
 Mr. Kartikeya Bharat Ram
 Mr. Rajat Lakhanpal, Whole-time Director & Company Secretary
 Mr. S.P. Agarwala
 Mr. K. Ravichandra
 Mr. Vinod Kumar Kala
 Mr. Mukul Khandelwal
 Mr. Amitav Virmani

Auditors

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

Bankers

State Bank of Patiala
 ICICI Bank Ltd.

Registered Office

C-8, Commercial Complex, Safdarjung Development Area, New Delhi – 110 016

Engineering Plastics Business

Manali Industrial Area, Manali, Chennai – 600 068

Plot No. 14-C, Sector 9, Integrated Industrial Estate, Pantnagar, Distt. Udham Singh Nagar, Uttarakhand

Industrial Yarn Business

Manali Industrial Area, Manali, Chennai – 600 068

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SRF POLYMERS LIMITED

Regd. Office : C-8, Commercial Complex, Safdarjung Development Area, New Delhi - 110 016
Corporate Office : Block C, Sector - 45, Gurgaon - 122 003 (Haryana)

NOTICE

NOTICE is hereby given that the 8th Annual General Meeting of SRF Polymers Limited will be held on Friday, the 29th August, 2008 at 11.00 A.M. at Modi Hall, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi 110 016 to transact the following businesses:

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2008 and the Profit & Loss Account for the year ended on that date together with the Reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Mr. Ashish Bharat Ram, who retires by rotation, and being eligible, offers himself for re-election.
3. To appoint a Director in place of Mr. Kartikeya Bharat Ram, 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(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 Board of Directors and service tax thereon and reimbursement 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(s), the following resolution as an Ordinary Resolution:

"RESOLVED that Mr. Amitav Virmani, who by his co-option as an additional Director with effect from 4th June, 2008, holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing 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 subject to such consents and permissions, if any, as may be necessary, approval be and is hereby accorded in terms of Sections 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 re-appointment of Mr. Rajat Lakhanpal as Whole-time Director & Company Secretary with authority to the Board/Remuneration Committee to revise his designation at its discretion and other terms and conditions of the appointment including as to remuneration as are set out hereunder:-

Tenure

Five years with effect from 1.04.2008

Functions

Subject to the direction, control and superintendence of the Board of Directors, Mr. Rajat Lakhanpal shall have the overall responsibility for looking after the day-to-day business and affairs of the Company.

Remuneration

Subject to the overall limit on remuneration payable to all the managerial personnel taken together, the remuneration payable to Mr. Rajat Lakhanpal shall comprise salary, perquisites and commission, as may be decided by the Board/Remuneration Committee within an overall ceiling of 5% of the net profits of the Company, computed in the manner laid down in Section 349 and other applicable provisions of the Companies Act, 1956.

Remuneration for a part of the Year

Remuneration for a part of the year shall be computed on pro-rata basis.

Minimum Remuneration

In the event of absence or inadequacy of profits in any financial year during his tenure, Mr. Rajat Lakhanpal will be entitled to remuneration by way of salary, perquisites and commission not exceeding the ceiling limit as specified under Section II of Part II of Schedule XIII to the Companies Act, 1956 as and by way of minimum remuneration.

Termination

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

In the event of termination of this appointment of Mr. Rajat Lakhanpal by the Company, he shall be entitled to receive compensation in accordance with the provisions of the Companies Act, 1956 or any statutory amendment or re-enactment thereof.

RESOLVED FURTHER that in the event of any further authorisation/ revision in the levels of permissible managerial remuneration, the Board of Directors/ Remuneration Committee be and is hereby authorised to alter, vary and increase the remuneration of Mr. Rajat



Lakhanpal, notwithstanding the overall remuneration set out above, as may then be prescribed / permissible without requiring any further resolution or consent of or reference to the general meeting."

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

"RESOLVED that pursuant to section 163 and other applicable provisions, if any, of the Companies Act, 1956, (hereinafter referred to as "Act") and in supersession of resolution no. 7 passed at the annual general meeting held on 03.09.2003, approval be and is hereby accorded to shift and keep the Registers and Indices of Members and Debenture holders at the Office of Karvy Computershare Private Limited at 105-108, 1st Floor, Arunachal Building, 19, Barakhamba Road, Connaught Place, New Delhi 110 001, who shall be the Registrar & Share Transfer Agent with effect from 01.10.08 instead of being kept at Mas Services Limited, at AB-4, Safdarjung Enclave, New Delhi 110 029 and that the foregoing registers, certificates and documents be kept open for inspection at that place between 11.00 a.m. and 1.00 p.m. on all working days other than Saturdays and Sundays and holidays, except during such periods when the same are closed under law."

By Order of the Board
for SRF POLYMERS LIMITED

Place : Gurgaon
Date : June 04, 2008

Rajat Lakhanpal
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 Tuesday, the 5th August, 2008 to Tuesday, the 12th August, 2008 (both days inclusive).
4. Members seeking any information regarding Accounts should write to the Company at its Corporate Office at Block C, Sector - 45, Gurgaon, 122 003 (Haryana) at least seven days before the meeting so as to enable the management to keep the information ready.
5. 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 Karvy Computershare Private Limited, 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad 500 034 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. 2 & 3

Mr. Ashish Bharat Ram and Mr. Kartikeya Bharat Ram shall retire by rotation and being eligible, offer themselves for re-appointment.

Brief resume of the Directors being re-appointed are as under:

Mr. Ashish Bharat Ram

Mr. Ashish Bharat Ram (39) holds a Masters' degree in Business Administration on Corporate Strategy from Cornell University, USA and has 13 years working experience in senior positions.

Mr. Ashish Bharat Ram is a member of Shareholders /Investors Grievance Committee of SRF Ltd.

Directorship in other Public Companies

1. SRF Ltd.
2. SRF Infrastructure Ltd.
3. SRF Fluorochemicals Ltd.

Mr. Ashish Bharat Ram is interested in the Resolution. Mr. Arun Bharat Ram and Mr. Kartikeya Bharat Ram, being relatives of Mr. Ashish Bharat Ram may be deemed to be interested in the Resolution. No other Director is concerned or interested in the Resolution.

Mr. Kartikeya Bharat Ram

Mr. Kartikeya Bharat Ram (37) holds a Masters' degree in Business Administration on Corporate Strategy from Cornell University, USA and has about 10 years working experience in senior positions.

Mr. Kartikeya Bharat Ram is a member of Shareholders/ Investors Grievance Committee of SRF Ltd.

Directorship in other Public Companies

1. SRF Ltd.
2. Ennore Energy Ltd
3. SRF Energy Ltd.
4. SRF Fluorochemicals Ltd

Mr. Kartikeya Bharat Ram is interested in the Resolution. Mr. Arun Bharat Ram and Mr. Ashish Bharat Ram, being relatives of Mr. Kartikeya Bharat Ram may be deemed to be interested in the Resolution. No other Director is concerned or interested in the Resolution.

Item No.5

Mr. Amitav Virmani was co-opted as Additional Director by the Board on 4th June, 2008. In terms of Articles of Association of the Company and Section 260 of the Companies Act, 1956, he holds office upto the date of the 8th Annual General Meeting. Your Board is of view that it will be in the interest of the Company to induct him on the Board of the Company.

Mr. Amitav Virmani (35) holds a Master's degree in Business Administration from University of North Carolina at Chapel



Hill, North Carolina, USA and has around 14 years of work experience.

The Company has received a notice under Section 257 of the Companies Act, 1956 together with a deposit of Rs. 500/- from a member intending to propose the candidature of Mr. Amitav Virmani at the 8th Annual General Meeting.

Mr. Amitav Virmani is a member of the Audit Committee of the Board w.e.f. 04.06.08

Directorship in other Public Companies
Okara Flour & General Mills Ltd.

None of the Directors of the Company other than Mr. Amitav Virmani is interested in the Resolution.

Item No.6

Shareholders at the annual general meeting held on 30.07.2005 had appointed Mr. Rajat Lakhanpal as Whole-time Director & Company Secretary of the Company for a period of three years with effect from 1.2.2005 to 31.3.2008. His remuneration was revised by the shareholders by a resolution passed at the annual general meeting held on 31.7.2007.

The existing tenure of Mr. Rajat Lakhanpal was upto 31.03.2008. His re-appointment effective from 01.04.2008 requires approval of the members.

It is proposed to re-appoint him for a further period of 5 years with effect from 1.4.2008 and members' approval is sought to the re-appointment.

The terms of his re-appointment and remuneration including minimum remuneration are set out in the resolution.

As per the requirements of section 302 of the Companies Act, 1956, the abstract of the terms & conditions of re-appointment of Mr. Rajat Lakhanpal as Whole-time Director & Company Secretary has been circulated to the members separately.

Mr. Rajat Lakhanpal is a Director in SRF Polymers Investment Ltd. and is a member of the Audit Committee of that Company.

None of the Directors of the Company other than Mr. Rajat Lakhanpal is interested in the Resolution.

Item No.7

In compliance with the directives of SEBI, Mas Services Limited were appointed the Registrar and Share Transfer Agent with effect from 1.4.2003. The members had vide special resolution passed at the annual general meeting held on 03.09.2003 approved shifting of Registers and Indices of Members and Debentureholders to the office of Mas Services Limited at AB-4, Safdarjung Enclave, New Delhi 110 029.

It is proposed to appoint Karvy Computershare Private Limited as the Registrar and Share Transfer Agent with effect from 1.10.2008 to handle the entire job i.e. both electronic and physical of our Company's share registry. Consequently, it would be necessary to shift the Registers and Indices of Members and Debenture holders to the office of Karvy Computershare Pvt Ltd. at 105-108, 1st Floor, Arunachal Building, 19, Barakhamba Road, Connaught Place, New Delhi 110 001.

Approval of members by special resolution is sought in terms of section 163 of the Act.

An advance copy of the proposed special resolution is being delivered to the Registrar of Companies, NCT of Delhi and Haryana, New Delhi.

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

INSPECTION

The Documents referred to in the Notice shall be open for inspection at the Corporate 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 Exchange where Company's securities are listed:-

The Bombay Stock Exchange Ltd.
Phiroze Jeejeebhoy Towers, Dalal Street
Mumbai 400 001

Listing fee has been paid to The Bombay Stock Exchange Ltd. upto March, 2009.



DIRECTORS' REPORT

To the Members,

The Directors are pleased to present the eight Annual Report on the business and operations of the Company and the statement of accounts for the year ended 31st March, 2008.

FINANCIAL RESULTS

	(Rs. Crores)	
	2007-08	2006-07
Sales and Other Income	169.73	165.10
Profit Before Interest, and Depreciation & Tax (EBIDTA)	(1.73)	15.80
Less: Interest & Finance Charges	12.41	7.60
Profit before Depreciation and Tax (PBDT)	(14.15)	8.20
Less: Depreciation	4.75	2.18
Profit before Tax (PBT)	(18.9)	6.02
Less: Provision For Taxes (including provision for deferred tax)	(4.9)	(0.12)
Net Profit after Tax (PAT)	(14.0)	6.14
Add: Profit brought forward from previous year	20.84	15.07
Profit available for appropriation	6.84	21.21
Appropriations		
Dividend on Equity shares	-	0.32
Corporate tax on dividend	-	0.05
Amount transferred to General Reserve	-	-
Profit carried to Balance Sheet	6.84	20.84
Total Appropriation	6.84	21.21

Equity Dividend

Due to losses in the current year, no dividend is recommended by the Board of Directors.

Operations Review

Gross Sales increased by 2% to Rs. 173.67 crores from Rs 170.17 crores in the previous year. Operating profit (EBIDTA) decreased by 111% to Rs (1.73) crores from Rs 15.80 crores mainly on account of increase in interest and depreciation. Profit before tax decreased by 414 % to Rs (18.9) crores from Rs 6.02 crores. Profit after Tax decreased by 328 % to Rs (14.0) crores from Rs 6.14 crores.

Business-wise Review

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

Subsidiary Companies

SRF Polymers Investments Ltd. the wholly-owned subsidiary of the Company made a loss of Rs. 2.08 Crores during the year 2007-08 mainly on account of payment of interest on loans.

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.

During the year, SRF Polymers Investments Ltd. has divested its holding in the erstwhile wholly-owned subsidiary viz. SRF Infrastructure Ltd. The other wholly-owned subsidiary viz. Ennore Energy Ltd. has not closed its accounts for the first financial year.

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.

Directors

Mr. Ashish Bharat Ram and Mr. Kartikeya Bharat Ram, Directors retire by rotation and being eligible, offer themselves for re-appointment.

Mr. Amitav Virmani has been co-opted as additional director on 04.06.08. It is proposed to appoint him as a regular director in the ensuing Annual General Meeting.

Mr. Rajat Lakhanpal, Whole-time Director & Company Secretary is proposed to be re-appointed in the same capacity for a period of 5 years. A suitable resolution has been included in the Notice of the forthcoming annual general meeting.

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 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 the period under review;
- that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the Directors have prepared the annual accounts for the year ended 31.03.08 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) Mr. Arun Bharat Ram; b) Mr. Ashish Bharat Ram; c) Mr. Kartikeya Bharat Ram; d) Mrs Shiela Bharat Ram; e) Mrs. Manju Bharat Ram; f) Mrs. Vasvi Bharat Ram; g) Mrs. Radhika Bharat Ram; h) SRF Ltd; i) SRF Transnational Holdings Ltd; j) Skylark Investments & Trading Pvt. Ltd.; k) Narmada Farms Pvt. Ltd.; and l) Bhairav Farms Pvt. Ltd.

Listing of Shares

Your Company's shares are listed at the Bombay Stock Exchange Ltd.

Open-offer

During the year, the promoters had made an open offer under the Substantial (Acquisition of Shares & Takeovers) Regulations, 1997 and acquired 490392 shares of the Company taking their aggregate holding in the Company to 4798256 shares which represents 74.36% of the paid up capital of the Company.

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.

In compliance with the requirements of Clause 49(V), a certificate from Whole-time Director & Company Secretary was placed before the Board.

All Board members and senior management personnel had affirmed compliance with the Code of Conduct for Board and Senior Management Personnel. A declaration to this effect duly signed by the Whole-time Director & Company Secretary is enclosed as a part of the Corporate Governance Report. A copy of the Code is also placed at the website of the company (www.srfpolymers.com).

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 8th 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. 0.33 crores due for repayment on or before 31st March, 2008 remained unclaimed by 105 depositors. There have been no defaults in repayment of fixed deposits during the year.

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 an employee are set out in the Annexure 2 to the Directors' Report.

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 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, Uttarakhand and the 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 of Directors

Gurgaon
June 4, 2008

Arun Bharat Ram
Chairman



MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Developments.

Industrial Yarn Business (IYB)

2007-08 has been a year of transition with the Company changing gears and moving from the Networking Model to Manufacturing Model. This did entail facing some teething troubles in the beginning - while setting up processes, systems and quality parameters during plant stabilisation, but the real benefits in terms of increased control over quality and delivery are likely to accrue in the coming years.

Additionally, the year 2007-08 witnessed an unprecedented increase in the costs of inputs like raw materials, energy and chemicals, which could not be passed on to the customers. Since this coincided with the company's transition process, the cumulative impact on the business has been very severe. But despite such a difficult scenario, the Company managed to maintain its dominant market position in the fishnet twine segment.

Recently, the unit has also standardised on SRF Limited's yarn in its twine facility. With twine facility getting its raw material from SRF Limited's Chips and Yarn facility, the business will have a unique and complete value chain for the fishnet product - from Caprolactum to Fishnet twine - which would give a distinct competitive advantage.

Engineering Plastics Business (EPB)

Engineering Plastics business is poised to grow as the market improves and with the commissioning of its Pantnagar plant, the Company will be able to increase volumes in the next year. There were some initial setbacks which had delayed the commissioning of the Pantnagar Plant considerably thereby impacting profitability. These were more to do with external factors and not in our control. In view of the growth recorded during the year by the major segments like Automotive and Electrical, the Company relaunched a new polymer PBT, enhanced its product range and also started exploring export markets. The initial response from overseas has been encouraging for Polyamides.

Engineering Plastics Business continues to enhance its skills in R&D and new product development, thereby reducing cost of processing and developing high end grades. The company has also undertaken the development work of Poly Carbonate based Engineering Plastics. The expansion programme of the business is also underway.

Opportunities and Threats

It is expected that the increase in costs will be absorbed by the market for Fishnet Twines in the coming year. Further, the improvements in plant performance will also contribute to the profitability of the business.

With the product quality in control, the business has decided to also focus on Industrial Yarn applications outside the fishnet twine sector. In order to truly reflect its operating business space, the name of the business has been changed from Fishnet Business to Industrial Yarn Business. The new applications exist

in Industrial Fabrics, filters, narrow woven webbings, hose pipes, ropes & cordages etc.

With more and more Industrial goods (based on technical yarn) shifting to India, growth in this sector is expected to be significant in the coming period.

Growth in the Engineering Plastics business will continue to be driven by automobile and Electrical sector. It is also expected that a lot of Tier-I manufacturers will look at India as a manufacturing base due to low cost and this will help the market grow faster. Although the prevailing high interest rate might slow down automobile growth, increased per capita consumption is expected to help industry maintain its robust growth. The Company is confident to retain its dominant position in the market by way of leveraging its reputation and enhanced capacity.

Outlook for SRF Polymers

The Company indeed has the potential to grow in both the businesses. Opportunities and challenges co-exist but the company is confident to chart its course of progress.

Risks and Concerns

The fishnet industry continues to be fragmented and run by unorganized sectors. Building on its dominant position in fishnet twines market, the Company plans to expand its customer base and improve its profitability by expanding its reach beyond fishnet twines to other Industrial Yarns as well.

The profit margin of the Engineering Plastics Business continues to be under pressure due to intense competition from unorganized players. The Company however plans to face the challenge by New Product Development. The competition is going to intensify further due to entry of more and more multinational companies into the country.

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 programme of internal audit through reputed external agency and company's own internal audit department, review by management and documented policies, guidelines and procedures supplements internal control.

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

Financial and Operating performance

1. The current ratio of the company is 1.45.
2. The Company has a debt equity ratio of 2.10.

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 measures for improving efficiency where necessary.

Industrial relations remained cordial 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 DIRECTOR'S REPORT

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

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 2008, 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 THAKUR, VAIDYANATH AIYAR & CO.
Chartered Accountants

Place: New Delhi
Date: 4th June, 2008

V. Rajaraman
Partner
M.No.2705

ANNEXURE-2 TO DIRECTOR'S REPORT (STATEMENT PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956)

S. No.	Name	Age	Designation	Remu.	Qualification	Exp.	Empl DT	Last Employment
1.	M. Shafiullah	50 years	Vice President	30,44,908*	M.E.(Production)	26	19-Jan.90	Industrial Engineer, Britannia Industries Ltd.

* employed for a part of the year

Notes

- 1 Remuneration comprise salary, allowances, perquisites and Company's contribution to Provident Fund and Superannuation Fund.
- 2 All appointments are contractual in nature.
- 3 There are no Employees in the services of the Company within the category covered by sub section (a) (iii) of section 217 (2A) of the Companies Act , 1956
4. The above employee is not a relative of any Director of the Company.

For and on behalf of the Board of Directors

Date : 4th June 2008
Place : Gurgaon

Arun Bharat Ram
Chairman

WHOLE-TIME DIRECTOR & COMPANY SECRETARY'S DECLARATION

I, Rajat Lakhanpal, Whole-time Director & Company Secretary of SRF Polymers Limited declare that all Board members and senior management personnel have affirmed compliance with the Code of Conduct for Board and Senior Management Personnel for the year ended 31st March, 2008.

For and on behalf of the Board of Directors

Date : 4 June 2008
Place : Gurgaon, Haryana

Rajat Lakhanpal
Whole-time Director & Company Secretary



ANNEXURE-3 TO THE DIRECTOR'S REPORT

Information under Section 217 (1) (e) of the Companies Act, 1956, read with The Companies (Disclosures of particulars in the report of Board of Directors) Rules, 1988 and forming part of the Directors Report for the year ended March 31, 2008.

A) Conservation of energy

a. Energy conservation measures taken

To reduce power consumption and process waste, higher RPM and capacity extruder introduced in plants at Industrial Area Manali, Manali in the State of Tamil Nadu and IIE, Pantnagar in the State of Uttarakhand. These extruders will reduce the power consumption from 0.40 to 0.32 kw/kg.

b. Additional investment and proposals, if any, being implemented for reduction of consumption of energy

1. New extruders installed and commissioned both in the plants at Industrial Area Manali, Manali in the State of Tamil Nadu and IIE, Pantnagar in the State of Uttarakhand.
2. Autoclave of 5 MT capacity for batch poly process introduced in the plant at IIE, Pantnagar in the State of Uttarakhand.
3. Instead of electrical aerator, air diffuser introduced at IIE, Pantnagar in the State of Uttarakhand.

c. Impact of measures at a & b above for reduction of energy consumption and consequent impact on the cost of production of the goods:

Impact of the extruder installation as stated in (a) above will reduce the energy cost by Rs. 0.36 per kg.

d. Total energy consumption and energy consumption per unit of production as per prescribed Form -A

Form -A

Form for Disclosure of Particulars with respect to conservation of Energy:-

	(In Rs. Lakhs)	
Power and Fuel Consumption	2007-08	2006-07
Electricity and Fuel Consumption		
A Electricity		
Purchased		
- Total Units (000 KWH)	7969.35	5789.71
- Total Amount (Rs.Lakhs)	382.74	288.37
- Rate/Unit(Rs.)	4.80	4.98
Own Generation		
- Through Diesel (000 KWH)	403.66	-
- Units per KL of diesel oil	0.35	-
- Cost/Unit(Rs.)	11.38	-
B Consumption per unit of Production		
i) Electricity(KWH/MT)		
- Nylon Chips	5121.89	2843.00
- Moulding Powder	619.77	377.00
- Nylon Twine	1705.00	1447.00
ii) Steam		
- Nylon Chips	27.43	24.30

Form B

Form for disclosure of particulars with respect to absorption:

Research and Development (R & D)

1. Specific areas in which R & D is carried out by the company:

- Successfully developed and launched new polymer (polybutylene terephthalate) compound.
- ROHS compliance master batches developed for all the automobile new grades.
- High cost impact modifier is replaced with low cost impact modifier.

2. Benefits derived as the result of the above R & D:

- New product has given higher value addition with the result that the average contribution increased substantially.
- Our capability has improved customers confidence in us and they are approaching us for all their future development.

3. Future plan of action

- Launching of new polymers (poly carbonate compounds)
- Developing materials for engine cover and air intake.
- Development of PC/PBT,PC/ABS alloys.
- Development of nylon alloy for telecom industries

4. Expenditure on R & D

No separate account is kept.

Technology absorption, adoption and innovation

1 Efforts in brief, made towards technology absorption, adaptation and innovation:

The company has not imported any technology and it has been successfully using in house technology and developing all the new polymer compounds and speciality grades.

2 Benefits derived as a result of the above efforts e.g. Product improvement, cost reduction, Product development, import substitution etc.

The company is continuously developing new grades to meet the market requirements. New product sales will go up and in turn the overall sales and turnover will go up.

Foreign Exchange Earnings and Outgo (In Rs. Lakhs)		
Particulars	2007-08	2006-07
Foreign Exchange Earnings	1125.01	128.61
Foreign Exchange Outgo	6356.86	7024.56
Net Foreign Exchange Outgo	(5231.85)	(6895.95)

For and on behalf of the Board of Directors

Gurgaon
4th June, 2008

Arun Bharat Ram
Chairman