



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 unto 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

	<i>(Rs. Crores)</i>	
	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:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) 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;
- (iii) 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;
- (iv) 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)	
	2007-08	2006-07
Power and Fuel Consumption		
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.

	(In Rs. Lakhs)	
	2007-08	2006-07
Foreign Exchange Earnings and Outgo		
Particulars		
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



REPORT ON CORPORATE GOVERNANCE

Philosophy of the Company on Corporate Governance

For SRF Polymers, good corporate governance means adoption of best practices to ensure that the Company operates not only within the regulatory framework, but is also guided by broader business ethics. The adoption of such corporate practices — based on transparency and proper disclosures — ensures accountability of the persons in charge of the Company and brings benefits to investors, customers, creditors, employees and the society at large.

Board of Directors

Composition of the Board

As on 31 March 2008, SRF Polymers' Board consisted of eight Directors. One Director is executive of the Company, three are non-executive and independent, four are non-executive but not independent. Table 1 gives the details of the Board during the year 2007-08.

Table 1: Composition of the Board of Directors of SRF Polymers Ltd.

Sl.No.	Name of Director	Category of Director	No. of other Directorships#	No. of Board-level Committees where chairperson or member	
				Chairperson	Member
1	Mr. Arun Bharat Ram*	Non-Executive, promoter	11	1	4
2	Mr. S. P. Agarwala	Independent	1	-	4
3	Mr. Rajat Lakhanpal	Executive	1	-	1
4	Mr. K. Ravichandra	Non-Executive, non-independent	2	1	2
5	Mr. Vinod K. Kala	Independent	1	1	-
6	Mr. Mukul Khandelwal	Independent	-	-	1
7	Mr. Ashish Bharat Ram*	Non-Executive, promoter	3	-	1
8	Mr. Kartikeya Bharat Ram*	Non-Executive, promoter	4	-	1

Directorship in Foreign Companies and the Indian Pvt. Ltd. companies is not included.

* Mr. Arun Bharat Ram, Chairman is the father of Mr. Ashish Bharat Ram and Mr. Kartikeya Bharat Ram.

Independent Directors on the Board of SRF Polymers Ltd. are non-executive directors who:

- Apart from receiving Director's remuneration, do not have any material pecuniary relationships or transactions with the company, its promoters, its Directors, its senior management or its holding company, its subsidiaries and associates which may affect the independence of the Director
- Are not related to promoters or persons occupying management positions at the Board level or at one level below the Board
- Have not been an executive of the company in the immediately preceding three financial years
- Are not partner or executive or were not partner or an executive during the preceding three years of any of the following:-
 - Statutory audit firm or the internal audit firm that is associated with the company;
 - Legal firm(s) and consulting firm(s) that have a material association with the company;
- Are not material supplier, service provider or customer or lessor or lessee of the company, which may affect independence of the Director
- Are not a substantial shareholder of the company i.e. do not own two percent or more of the block of voting shares.
- is not less than 21 years of age.

As mandated by Clause 49 of the Listing Agreement, none of the Directors is a member of more than ten Board level committees nor are they Chairman of more than five committees in which they are members.

Number of Board Meetings

During 2007-08, the Board of Directors met five times — on 18th May, 2007, 31st July, 2007, 31st October, 2007, 17th December, 2007 and 30th January, 2008. The gap between any two Board meetings did not exceed four months. Table 2 gives the details.

Table 2: Board Meeting Attendance Record of the Directors in 2007-08

Name of the Director	Number of meetings attended	Attended last AGM?
Mr. Arun Bharat Ram	4	Yes
Mr. Rajat Lakhanpal	5	Yes
Mr. S.P. Agarwala	3	Yes
Mr. K. Ravichandra	4	Yes
Mr. Vinod K. Kala*	3	Yes
Mr. Mukul Khandelwal	3	No
Mr. Ashish Bharat Ram	4	Yes
Mr. Kartikeya Bharat Ram	5	Yes

* Mr. Vinod K. Kala is the Chairman of Company's Audit Committee

Remuneration of Directors

Table 3 gives the remuneration paid or payable to the Directors.

Table 3: Remuneration Paid or Payable to Directors during 2007-08

Name of Director	Salary	Sitting fees for Board and Committee meetings*	Perquisites#	Deferred Benefits (PF , gratuity@ and superannuation)	Terminal Benefits	Total
Mr. Arun Bharat Ram	-	15,000	-	-	-	15,000
Mr. S.P. Agarwala	-	15,000	-	-	-	15,000
Mr.. Rajat Lakhanpal	5,58,848	-	-	59,908	-	6,18,756
Mr. K. Ravichandra	-	6,000	-	-	-	6,000
Mr. Vinod K. Kala	-	9,000	-	-	-	9,000
Mr.Mukul Khandelwal	-	6,000	-	-	-	6,000
Mr.Ashish Bharat Ram	-	4,000	-	-	-	4,000
Mr.Kartikeya Bharat Ram	-	5,000	-	-	-	5,000
Total	5,58,848	60,000	-	59,908	-	6,78,756

* Sitting fee paid for attending Board Meetings, Audit Committee Meetings, Remuneration Committee Meeting and meetings of 'Committee of Directors-Financial Resources'.

Value of perquisites as per Income Tax Act, 1961.

@ Having regard to the fact that there is a global contribution to gratuity fund, the amount applicable to an individual is not ascertainable. None of the employees is related to any of the Directors.

Shareholding of non-executive Directors

Table 4 gives details of the shares* held by the non-executive Directors as on 31 March 2008.

Table 4: Equity shares held by non-executive Directors as on 31 March 2008

Name of Director	Category	Number of equity shares held
Mr. Arun Bharat Ram	Non-executive, Promoter	7
Mr. Ashish Bharat Ram	Non-executive, Promoter	-
Mr. Kartikeya Bharat Ram	Non-executive, Promoter	-
Mr. S. P. Agarwala	Independent	-
Mr. Vinod K. Kala	Independent	-
Mr. Mukul Khandelwal	Independent	-
Mr.K. Ravichandra	Non-independent	-

* The Company has not issued any convertible securities to any director.

Information Supplied to the Board

The Board has complete access to all information with the Company. Inter-alia, the following information is regularly provided to the Board as a part of the agenda papers well in advance of the Board meetings or is tabled in the course of the Board meeting:

- Annual operating plans & budgets and any update thereof.
- Capital budgets and any updates thereof.
- Quarterly results for the Company and operating divisions and business segments.
- Minutes of the meetings of the audit committee and other committees of the Board.
- Information on recruitment and remuneration of senior officers just below the level of Board, including the appointment or removal of Chief Financial Officer and Company Secretary.

- Materially important show cause, demand, prosecution notices and penalty notices.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the company, or substantial non-payment for goods sold by the company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- Details of any joint venture or collaboration agreement
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- Significant labour problems and their proposed solutions. Any significant development in human resources / industrial relations front like signing of wage agreement, implementation of voluntary retirement scheme, etc.
- Sale of material nature of investments, subsidiaries, assets, which is not in the normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory nature or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer, etc.

The Board periodically reviews compliance reports of all laws applicable to the company, prepared by the company as well as steps taken by the company to rectify instances of non-compliances.

In addition to the above, pursuant to the revised Clause 49, the minutes of the Board meetings of your company's unlisted



subsidiary company and a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company are also placed before the Board.

Code of Conduct

The Company's Board has laid down a code of conduct for all Board members and senior management of the company. The code of conduct is available on the website of the company www.srfpolymers.com. All Board members and designated senior management personnel have affirmed compliance with the code of conduct. A declaration signed by the Whole-time Director & Company Secretary to this effect is at page No. 8.

Risk Management

The Company has laid down procedures to inform the Board members about the risk assessment and minimization procedures. These procedures are being periodically reviewed to ensure that management controls risk through means of a properly defined framework.

Committees of the Board

a) Audit Committee

As on 31 March 2008, the Audit Committee of SRF Polymers comprises of three Directors all of whom are independent. The constitution of the Committee meets the requirements of Section 292A of the Companies Act, 1956, as well as Clause 49 of the Listing Agreement.

During 2007-08, the Audit Committee of SRF Polymers met on four occasions — namely, on 18th May, 2007, 31st July, 2007, 31st October, 2007 and 30th January, 2008. Table 5 gives the attendance record of Directors who are members of the Audit Committee.

Table 5: Attendance Record of Audit Committee Meetings during 2007-08

Name of Director	Category	Number of meetings held under tenure	Number of meetings attended
Mr. Vinod K. Kala	Independent	4	2
Mr. S.P. Agarwala	Independent	4	3
Mr. Mukul Khandelwal	Independent	4	3

All the members of the Audit Committee are financially literate while Mr. Vinod K. Kala, Chairman of the Audit committee is an IIM Ahmedabad alumunus having expertise in the area of organisational transformation where he combines skills in business strategy, financial engineering, business process re-engineering, creative thinking, people development etc and has played a significant role in creating this transformation drive in two large sized corporates in India. Mr. Rajat Lakhanpal, Whole time Director & Company Secretary, is the Secretary to the Committee.

The terms of reference of the Audit Committee are as per the guidelines set out in the Listing Agreement with the Stock Exchanges read with Section 292A of the Companies, 1956.

These broadly include approval of annual internal audit plan, review of financial reporting systems, ensuring compliance with regulatory guidelines, discussions on quarterly, half yearly and annual financial results, interaction with statutory, and internal auditors, recommendation for appointment of statutory auditors and their remuneration.

In addition, the Committee also reviews:

- Management's Discussion and Analysis of Company's operations,
- Periodical internal audit reports
- Letters of statutory auditors to management on internal control weakness, if any,'
- Statement of significant related party transactions,
- Financial statements, in particular, investments made by the subsidiary companies,
- Risk framework.

b) Remuneration Committee

As on 31 March 2008, Remuneration Committee comprised of three members two of whom were independent and one is non-executive promoter Director.

During 2007-08, the Remuneration Committee met once on 30th May, 2007. Table 6 gives the attendance record of Directors who are members of the Remuneration Committee.

Table 6: Attendance Record of Remuneration Committee Meetings during 2007-08

Name of Director	Category	Number of meetings held under tenure	Number of meetings attended
Mr. S.P. Agarwala (Chairman)	Independent	1	1
Mr. Arun Bharat Ram	Non-executive, promoter	1	1
Mr. Vinod K. Kala	Independent	1	1

The terms of reference of Remuneration Committee is to recommend to the Board the amount of salary, perquisites and commission to be paid to the Directors (within the overall ceiling fixed by the shareholders).

c) Shareholders'/Investors' Grievance Committee

As on 31 March 2008, SRF Polymers' Shareholders'/Investors' Grievance Committee comprised of four members— one non-executive promoter Director and three non-executive Directors two of whom are independent Directors. Mr. Arun Bharat Ram, Chairman of the Committee is a non-executive promoter Director.

The terms of reference of the Committee are:

- To deal with and decide all matters relating to the registration of transfer and transmission of shares and debentures, issue of duplicate share certificates or allotment letters and certificates for debentures in lieu of those lost/misplaced.

- To redress shareholder and investors complaints, relating to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, etc.
- To monitor the compliance of Code of Conduct for Prevention of Insider Trading framed by the Company.

Mr. Rajat Lakhanpal, Whole-time Director & Company Secretary, is the Compliance Officer. To expedite the process of transfer, Mr. Rajat Lakhanpal, Whole-time Director & Company Secretary was authorised by the Board on 31 January, 2005 to consider and approve the registration of transfer and transmission of shares upto a limit of 500 shares in any one case.

As on 31 March 2008, no investor complaint was pending with the Registrar and Share Transfer Agent. Table 7 gives data on the shareholder/investor complaints received, and redressed, during the year 2007-08.

Table 7: Shareholder and Investor Complaints Received and Redressed during 2007-08

Total Complaints received	Total complaints redressed	Pending as on 31.03.2008
19	19	Nil

Management

Management Discussion and Analysis

This is given as a separate chapter in this Annual Report.

Disclosure Requirements

- Disclosures on materially significant related party transactions are given in point no. 12 in the Notes to Accounts.
- The Company has followed the Accounting Standards laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements.
- The Company has complied with the regulations issued by SEBI and terms and conditions of Listing Agreement with the Stock Exchanges. At the time of delisting of the shares of the Company from Delhi Stock Exchange, a condonation

Last three Annual General Body Meetings

The details of the last three AGMs are given in Table 8.

Table 8: Last three AGMs of the Company

Year	Location	Date	Time	No. of Special Resolutions passed
2005	Gandhi Memorial Hall, 2, Bahadur Shah Zafar Marg, New Delhi	30.07.2005	11.00 A.M.	1
2006	Laxmipat Singhania Auditorium, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi	31.07.2006	3.30 P.M.	None
2007	Shriram Hall, PHD House 4/2, Siri Institutional Area, August Kranti Marg, New Delhi	31.07.2007	3.30 P.M.	None

Postal Ballot

During the year, no resolution was passed through Postal Ballot.

Compliance

Mandatory Requirements

The company is fully compliant with the applicable mandatory requirements of the revised Clause 49.

fee of Rs. 5,000/- was paid for delayed submission of documents under Listing Agreement.

- In compliance with the SEBI regulations on prevention of insider trading, the Company has laid down a comprehensive code of conduct for its management and staff. The code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with the shares of the Company, and cautioning them of the consequences of violations.

Shareholders

Reappointment/Appointment of Directors

Mr. Ashish Bharat Ram and Mr. Kartikeya Bharat Ram, Directors are retiring 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 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. Brief resumes of these Directors are given in the Notice of the 8th Annual General Meeting.

Means of Communication with Shareholders

Quarterly and annual results of SRF Polymers are normally published in two national dailies, namely The Pioneer (in English) and Veer Arjun (in Hindi). In addition, these results are posted on the website of the Company, whose address is www.srfpolymers.com. The website also contains other public domain information regarding SRF Polymers.

During 2007-08, SRF Polymers has not made any formal presentations to institutional investors or analysts. As and when it does, the presentations will also be posted on the Company's website.

Further, the Company has also been complying with SEBI regulations for filing of its financial results under the EDIFAR system. These are available on the SEBI web-site www.sebidifar.nic.in.

Adoption of Non-Mandatory Requirements

A Remuneration Committee has been constituted in accordance with the requirements of the Listing Agreement. The Committee decides the amount of salary, perquisites and commission to be paid to the Directors (within the overall ceiling fixed by the shareholders).



Additional Shareholder Information

8th Annual General Meeting

Date 29th August, 2008
 Time 11.00 A.M.
 Venue Modi Hall, PHD House, 4/2 Siri Institutional Area
 August Kranti Marg, New Delhi-110 016.

Tentative Financial Calendar for Results, 2008-09

First Quarter Fourth week of July 2008
 Second Quarter Fourth week of October 2008
 Third Quarter Fourth week of January 2009
 Fourth Quarter and Annual Fourth week of May 2009

Book Closure Date

The Share Transfer Register of SRF Polymers will remain closed from Tuesday, the 5th August, 2008 to Tuesday, 12th August, 2008 (both days inclusive).

Listing on Stock Exchanges in India

The shares of SRF POLYMERS are listed on Bombay Stock Exchange Ltd. (Stock Code: 532468). The Company has paid the listing fees to Bombay Stock Exchange for the year 2008-09.

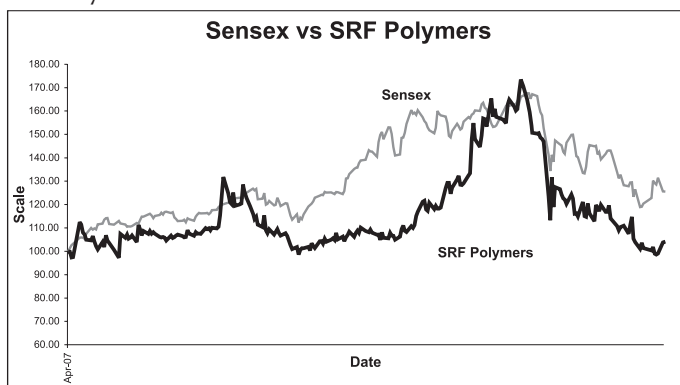
Stock Market Data

Table 9 gives the monthly high and low quotations as well as the volume of shares traded at BSE during 2007-08.

Table 9: Monthly Highs and Lows and Volumes Traded at the BSE , 2007-08

Month	BSE		
	High(Rs.)	Low (Rs.)	Volume (Nos.)
April	166.50	117.25	66,788
May	171.00	135.00	76,140
June	160.00	145.00	53,162
July	202.95	151.00	1,55,527
August	160.00	136.00	1,01,943
September	168.70	140.00	1,78,631
October	160.00	140.50	1,49,160
November	191.00	141.00	1,07,689
December	237.00	180.10	77,490
January	247.00	137.80	90,821
February	177.80	155.40	21,556
March	162.20	136.30	39,092

Chart 1: Share prices of SRF Polymers Ltd. versus BSE Sensex for the year ended 31 March 2008



Note: Both Sensex and SRF Polymers share prices are indexed to 100 as on 1 April 2007.

Registrar and Share Transfer Agents

Karvy Computershare Private Limited, 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad- 500 034 will be the Registrar and Share Transfer Agent of the Company for handling both electronic and physical shares (w.e.f. 1st October, 2008). M/s Mas Services Ltd., New Delhi are the Registrar and Share Transfer Agent of the Company for handling both electronic and physical shares (upto 30th September, 2008).

Share Transfer System in Physical Mode

Share certificates sent for transfer are received at the Registered Office of the Company or the office of Registrar and Share Transfer Agent. All valid transfer requests are processed. To expedite the process of share transfer, Mr. Rajat Lakhnupal, Whole-time Director & Company Secretary has been authorised to consider and approve the registration of transfer and transmission of shares/debentures upto a limit of 500 shares/debentures in any one case. For the shares above 500 cases, the Shareholders'/ Investors' Grievances Committee meets to approve valid transfer requests. After transfer, the physical shares are sent to the shareholders.

The total number of shares transferred in physical form during the period from 1 April 2007 to 31 March 2008 was 6296.

Depository System

Shareholders can trade in the Company's shares only in electronic form. The process for getting the shares dematerialised is as follows:

- Shareholder submits the shares certificate along with Dematerialisation Request Form (DRF) to Depository Participant (DP).
- DP processes the DRF and generates a unique Dematerialisation Request No.
- DP forwards the DRF and share certificates to the Registrar and Share Transfer Agent (RTA).
- RTA after processing the DRF confirms or rejects the request to Depositories
- If confirmed by the RTA, depositories give the credit to shareholder in his account maintained with DP.

This process takes approximately 10-15 days from the date of receipt of DRF.

As the trading in the shares of the Company can be done only in the electronic form, it is advisable that the shareholders who have the shares in physical form get their shares dematerialised.

Dematerialisation of shares as on 31 March 2008

There were 4,955 shareholders holding 63,15,680 shares in electronic form. This constitutes 97.88% of the total paid-up share capital of the Company.

Distribution of shareholding as on 31 March 2008*

Table 10 gives the distribution of shares according to shareholding class, while Table 11 gives the distribution of shareholding by ownership.

Table 10: Pattern of shareholding by share class as on 31 March, 2008

No. of equity shares held	No. of shareholders	% of shareholders	No. of shares	% of shareholding
Upto 500	7654	97.06	4,69,699	7.28
501 – 1000	102	1.29	76,434	1.18
1001-2000	58	0.74	87,810	1.36
2001-3000	27	0.34	68,395	1.06
3001-4000	10	0.13	34,150	0.53
4001-5000	12	0.15	57,077	0.89
5001-10000	11	0.14	69,746	1.08
10000 and above	12	0.15	55,89,304	86.62
Total	7886	100.00	64,52,615	100.00

* including holdings by NSDL and CDSL

Table 11: Pattern of shareholding by ownership as on 31 March, 2008

Category	Shareholding	
	Number of shares held	Shareholding %
Promoters	47,98,256	74.36
Mutual Funds & UTI	909	0.01
Banks, Financial Institutions, Insurance Companies	24,755	0.38
Central Government/State Government(s)	6,665	0.10
Foreign Institutional Investors	250	-
Private Corporate Bodies	3,83,872	5.95
Indian Public	9,33,891	14.48
NRIs / OCBs	3,03,620	4.71
Other (including shares in transit)	397	0.01
Total	64,52,615	100.00

Outstanding GDRs/ ADRs/ Warrants or any convertible instruments, their conversion dates and likely impact on equity

The Company has not issued any GDRs/ ADRs/ Warrants or other instruments, which are pending for conversion.

Plant Locations

Engineering Plastics Business	<ul style="list-style-type: none"> Manali Industrial Area, Manali, Chennai 600 068, Tamil Nadu Plot No. 14C, Sector 9, Integrated Industrial Estate, District Udham Singh Nagar, Uttarakhand
Industrial Yarn Business	<ul style="list-style-type: none"> Manali Industrial Area, Manali, Chennai 600 068, Tamil Nadu

Address for Correspondence

Company

Rajat Lakhanpal
 Whole-time Director &
 Company Secretary
 SRF Polymers Limited
 Block C, Sector 45,
 Gurgaon
 Haryana – 122 003
 Tel No. +91 0124-4354400
 Fax No : +91 0124-4354500
 e-mail: rlakhanpal@srf.com

Registrar & Share Transfer Agent

Upto 30.9.2008

Mas Services Limited
 AB-4, Safdarjung Enclave
 New Delhi 110 029, India
 Tel. No. +91 011-26104142
 +91 011-26104326

Fax No. +91 011-26181081
e-mail:mas-serv@yahoo.com

W.e.f 1.10.2008

Karvy Computershare Private Limited

46, Avenue 4, Street No. 1,
 Banjara Hills

Hyderabad – 500 034
 Tel. No. +91 040-23312454
 +91 040-23320751-52

Fax No. +91 040-23311968/
 23323049

e-mail:mailmanager@karvy.com



AUDITORS' REPORT

To The Members of SRF POLYMERS LIMITED

We have audited the attached balance sheet of SRF Polymers Ltd., as at 31st March 2008, and also the profit and loss account and the cash flow statement for the year ended on that date annexed thereto.

Responsibilities of management and auditors

These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Basis of opinion

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
- (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (v) On the basis of written representations received from the directors, as on 31st March 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the accounting policies and notes thereon give the information required by the Companies Act, 1956, in the manner so required *subject to the effects of reconciliation and confirmation of balances with regard to the amounts of liabilities and advances included in loans and advances referred to in note no. 7(a)* and give a true

and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the balance sheet, of the state of affairs of the company as at 31st March 2008;
- (b) in the case of the profit and loss account, of the loss for the year ended on that date; and
- (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

**For THAKUR, VAIDYANATH AIYAR & CO.
Chartered Accountants**

Place: New Delhi
Date: 4th June, 2008

**V. Rajaraman
Partner
M.No.2705**

The Annexure referred to in the main Auditors' Report of even date:

The company is not carrying on the business of chit fund, nidhi, or mutual benefit, or dealing or trading in shares / securities, hence the clauses applicable to these businesses have not been considered below.

Fixed Assets

1. a. The company has maintained proper record showing full particulars including quantitative details and situation of its fixed assets. However in respect of certain fixed assets like furniture & fixtures, office equipment and data processing equipment record in terms of values are only kept.
- b. The company has a regular program of verifying all the assets over a period of three years which in our opinion is reasonable having regard to the size of the company and the nature of the assets.
2. The company has not disposed off any substantial part of its fixed assets during the year, which may have any impact on the going concern nature of the company.

Inventories

3. a. The Stock of finished goods, stores, spare parts and raw materials have been physically verified by the management at reasonable intervals.
- b. The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. The company has maintained proper records of inventory showing full details regarding quantity of receipts, issues, balances and dates of transactions. The discrepancies, noticed on the aforesaid verification, between the physical stocks and stocks as per the books have been properly dealt with in the books of account.

Transactions with parties u/s 301 of the Companies Act, 1956

4. The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act.
5. The company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act.
6. There are no contracts or arrangements that were required to be entered into the register in pursuance of section 301 of the Act.

Loans, Advances and Guarantees

7. a. The company has taken loans from banks and others. The terms and conditions on which these have been taken are not prima facie prejudicial to the interest of the company.
- b. The payment of principal and interest are regular in respect of all such loans taken.
- c. In view of what is stated in (a) & (b) above, there are no overdue amounts.
8. The company has not issued any debenture.
9. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. However, the company has pledged its shares of SRF Ltd., for loans taken by SRF Polymers Investments Ltd, its wholly owned subsidiary.
10. The company has stood guarantee for loans taken by SRF Polymers Investments Ltd, its wholly owned subsidiary, from banks or financial institutions. However the terms and conditions of the same are prima facie not prejudicial to the interest of the company.
11. The term loans taken by the company have been applied for the purpose for which they were obtained.
12. The funds raised on short-term basis from the banks have not been used for long-term investment and vice versa.

Internal Control

- 13.a. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business, with regard to purchase of inventory, fixed assets and sale of goods and services.
- b. There are no continuing failures to correct matters in respect of lack of adequacy of internal controls brought, to notice.

14. The company has an adequate internal audit system commensurate with its size and nature of its business.

Fixed Deposit

15. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 58A and 58 AA or any other relevant provisions of the Companies Act 1956, the Companies (Acceptance of Deposits) Rules, 1975 and directives issued by Reserve Bank of India with regard to the deposits accepted from the public.

Cost Records

16. We have, broadly, reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records as prescribed under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.

Statutory Dues

17. a. According to the records of the company, undisputed dues including provident fund, Investors education and protection fund, employees' state insurance, income tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess and any other statutory dues have been generally been regularly deposited with the concerned authorities.
- b. Details of dues of sales tax / income tax / wealth tax / service tax/ excise duty / which have not been deposited on account of dispute are given hereunder:

Name of Statute	Forum where case is pending	Nature of dues	Period of dispute	Amount (in Rs. Lacs)
The Central Excise Act, 1944	CESTAT	Excise Duty	1994-95 to 1996-97	19.17
The Central Excise Act, 1944	CESTAT	Excise Duty	April 2002 to Nov 2004	540.30
			Sub Total (A)	559.47
Tamil Nadu General Sales Tax Act, 1956	Tribunal	Sales Tax	1987-88 to 1993-94	1.40
Central Sales Tax Act, 1956	Tribunal	Sales Tax	1987-88 to 1993-94	36.59
Tamil Nadu General Sales Tax Act, 1956	Tribunal	Sales Tax	2002-03	23.31
Central Sales Tax Act, 1956	Tribunal	Sales Tax	2002-03 & 03-04	9.83
Central Sales Tax Act, 1956	Deputy Commissioner Sales Tax	Sales Tax	2002-03	6.88
			Sub Total (B)	78.01
The Customs Act, 1962	Commissioner Appeals	Custom Duty	2004-05 & 2005-06	79.33
			Sub Total (C)	79.33
			GRAND TOTAL (A+B+C)	716.81

OTHERS

18. The company has no accumulated losses at the end of the financial year. The company has incurred cash losses in the current financial year, though there were no cash losses in the immediately preceding financial year.
19. The company has not issued any fresh share capital and hence the question of neither the preferential allotment nor the end use thereof arises.
20. No fraud on or by the company has been noticed or reported during the year.

For THAKUR, VAIDYANATH AIYAR & CO.
Chartered Accountants

Place: New Delhi
Date: 4th June, 2008

V. Rajaraman
Partner
M.No.2705



BALANCE SHEET

AS AT 31ST MARCH 2008

		AS AT 31.03.08 Rs/Lakhs	AS AT 31.03.07 Rs/Lakhs
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	645.26	645.26
Reserves & Surplus	2	5569.37	6968.66
		<u>6214.63</u>	<u>7613.92</u>
Loan Funds			
Secured Loans	3	8165.73	7598.52
Unsecured Loans	4	4906.44	3443.35
		<u>13072.17</u>	<u>11041.87</u>
TOTAL		<u>19286.80</u>	<u>18655.79</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	6	10256.82	3752.94
Less: Depreciation		<u>1993.67</u>	<u>1526.21</u>
Net Block		<u>8263.15</u>	<u>2226.73</u>
Capital Work-in-Progress		<u>-</u>	<u>4174.77</u>
		<u>8263.15</u>	<u>6401.50</u>
Investments	7	7869.10	7869.10
Deferred Tax Assets	5	813.68	295.97
Current Assets, Loans & Advances			
Inventories	8	3182.68	3949.33
Sundry Debtors	9	1306.71	2183.16
Cash and Bank balances	10	324.43	1081.01
Loans and Advances	11	2649.98	880.94
		<u>7463.80</u>	<u>8094.44</u>
Less: Current Liabilities & Provisions			
Current Liabilities	12	5089.99	3938.90
Provisions	13	32.94	66.32
		<u>5122.93</u>	<u>4005.22</u>
Net Current Asset		<u>2340.87</u>	<u>4089.22</u>
TOTAL		<u>19286.80</u>	<u>18655.79</u>
Accounting Policies & Notes to Accounts	19		
Schedules 1 to 13 and 19 form an integral part of the Balance Sheet			

As per our report of even date
For THAKUR, VAIDYANATH AIYAR & CO.
Chartered Accountants

V. Rajaraman
Partner
M.NO-2705

Rajat Lakhanpal
Whole Time Director
& Company Secretary

Mukul Khandelwal
Director

Arun Bharat Ram
Chairman

Gurgaon
Date : 4th June 2008

PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH 2008

	Schedule	Year Ended 31.03.08 Rs/Lakhs	Year Ended 31.03.07 Rs/Lakhs
INCOME			
Gross Sales		17367.21	17017.09
Less: Excise Duty		1049.30	1354.60
Net Sales		16317.91	15662.49
Other Income	14	655.35	847.95
Total Income		16973.26	16510.44
EXPENDITURE			
Raw material consumed	15	12516.11	12004.92
(Increase) \ Decrease in Stock	16	515.31	(651.51)
Expenses	17	4115.37	3576.90
Interest and Finance Charges	18	1240.73	760.13
Depreciation		474.94	218.20
TOTAL		18862.46	15908.64
Total Expenditure		18862.46	15908.64
Profit before Taxation (Current year loss includes Rs. 51.81 lacs as prior period expenditure)		(1889.20)	601.80
Less: Provision for Taxation		10.00	7.00
Less: Deferred Tax Liability/(Assets)		(517.71)	(42.05)
Less; Taxes Paid for earlier years		17.83	22.68
Profit after Taxation		(1399.32)	614.17
Profit Available For Appropriation		(1399.32)	614.17
Add: Profit Brought Forward		2083.71	1507.25
Less: Equity Dividend		-	32.26
Tax on Dividends		-	5.48
Transfer to General Reserve			
PROFIT CARRIED TO BALANCE SHEET		684.39	2083.68
Basic and Diluted EPS (in Rupees) (Ref note no 13)		(21.69)	9.52
Accounting Policies & Notes to Accounts	19		
Schedules 14 to 19 form an integral part of the Profit and Loss Account.			

As per our report of even date
For THAKUR, VAIDYANATH AIYAR & CO.
Chartered Accountants

V. Rajaraman
Partner
M.NO-2705

Rajat Lakhanpal
Whole Time Director
& Company Secretary

Mukul Khandelwal
Director

Arun Bharat Ram
Chairman

Gurgaon
Date : 4th June 2008



SCHEDULES

		AS AT 31.03.08 Rs/Lakhs	AS AT 31.03.07 Rs/Lakhs	
SCHEDULE 1: SHARE CAPITAL				
AUTHORISED				
1,00,00,000 (Previous Year 1,00,00,000) Equity Shares of Rs.10 each		1000.00	1000.00	
50,00,000 (Previous Year 50,00,000) Preference Shares of Rs.10 each		500.00	500.00	
		<u>1500.00</u>	<u>1500.00</u>	
ISSUED, SUBSCRIBED & PAID UP				
6452615(Previous year 6452615) Equity Shares of Rs.10 each fully paid up		645.26	645.26	
		<u>645.26</u>	<u>645.26</u>	
SCHEDULE 2: RESERVES AND SURPLUS				
	OPENING BALANCE AS AT 01.04.07	ADDITIONS DURING THE YEAR	WITHDRAWALS DURING THE YEAR	(Rs/Lakhs) CLOSING BALANCE AS AT 31.03.08
General reserve	4884.98	-	-	<u>4884.98</u>
	4884.98	-	-	<u>4884.98</u>
Profit & Loss account	2083.68	(1399.29)	-	<u>684.39</u>
Total	6968.66	(1399.29)	-	<u>5569.37</u>
PREVIOUS YEAR	6411.39	576.43	19.16	<u>6968.66</u>
SCHEDULE 3: SECURED LOANS				
		AS AT 31.03.08 Rs/Lakhs	AS AT 31.03.07 Rs/Lakhs	
Long Term Loans From Banks		5210.00	4491.00	
Short term Loans from Banks		1915.73	1237.52	
Short term Loans from Others		1040.00	1870.00	
		<u>8165.73</u>	<u>7598.52</u>	
SCHEDULE 4: UNSECURED LOANS				
Short Term From Banks		1301.58	1,983.75	
Short Term From Others		2170.00	-	
Fixed deposits		1434.86	1459.60	
		<u>4906.44</u>	<u>3443.35</u>	
SCHEDULE 5: DEFERRED TAX LIABILITY /(ASSET)				
Deferred Tax Liability		423.29	172.43	
Less :Deferred Tax Asset		1236.97	468.40	
		<u>(813.68)</u>	<u>(295.97)</u>	

SCHEDULE 6: FIXED ASSETS

DESCRIPTION	GROSS BLOCK			ACCUMULATED DEPRECIATION				NET BLOCK		
	AS AT 01.04.07	Additions*	Deletions	AS AT 31.03.08	AS AT 01.04.07	For The Year	Withdrawal	AS AT 31.03.08	AS AT 31.03.08	AS AT 31.03.07
Freehold Land	12.18	-	-	12.18	-	-	-	-	12.18	12.18
Leasehold Land	-	127.69	-	127.69	-	-	-	-	127.69	-
Road	-	46.56	-	46.56	-	0.25	-	0.25	46.31	-
Buildings	374.28	1483.66	-	1857.94	56.89	29.86	-	86.75	1771.19	317.39
Plant & Machinery	3054.31	4808.41	-	7862.72	1358.87	373.93	-	1732.80	6129.92	1695.44
Furniture & Fixture, Office Equipments etc.	174.81	34.33	0.12	209.02	57.38	33.37	-	90.75	118.27	117.43
Vehicles	58.95	22.01	18.66	62.30	26.94	11.40	7.48	30.86	31.44	32.01
Intangibles	78.41	-	-	78.41	26.13	26.13	-	52.26	26.13	52.28
TOTAL	3752.94	6522.66	18.78	10256.82	1526.21	474.94	7.48	1993.67	8263.15	2226.73
Previous Year	2226.94	1638.81	112.81	3752.94	1403.06	218.20	95.05	1526.21	2226.73	823.88

* Includes Interest Capitalization of Rs. 371.93 lacs (Previous year Rs.207.59 lacs)

	AS AT 31.03.08 Rs/Lakhs	AS AT 31.03.07 Rs/Lakhs
SCHEDULE 7: INVESTMENTS		
Long Term Non-trade (at cost)		
-quoted*	3665.09	3665.09
-unquoted (In subsidiary)	<u>4204.01</u>	<u>4204.01</u>
	7869.10	7869.10
* Market value of quoted investments	10859.37	13075.46
SCHEDULE 8: INVENTORIES		
Raw Material	1357.34	1674.02
Stores & spares	217.19	151.85
Finished Goods	1182.58	1540.03
Stock-in-Process	<u>425.57</u>	<u>583.43</u>
	3182.68	3949.33
SCHEDULE 9: SUNDRY DEBTORS		
Unsecured considered good for recovery by the Management (unless otherwise stated)		
Debits over six months		
Considered good	23.61	63.13
Considered doubtful	314.94	242.68
Other debts		
Considered good	1283.10	2120.03
Less: Provision for doubtful debts	<u>314.94</u>	<u>242.68</u>
	1306.71	2183.16
SCHEDULE 10: CASH AND BANK BALANCES		
Cash on hand	2.04	2.18
Balances with Scheduled Banks		
Current Accounts	70.98	817.64
Unclaimed Dividend	2.42	1.99
Fixed Deposit (*)(**)	<u>248.99</u>	<u>259.20</u>
	324.43	1081.01
* Includes margin money	2.78	6.42
**Also includes deposits earmarked Under Rule 3 A of the Companies (Acceptance of Deposits) Rules,1975 amounting of Rs 225 Lacs was made on 28th April 07 with in the due date of 28th April 08.		
SCHEDULE 11: LOANS AND ADVANCES		
Unsecured considered good for recovery by the management (unless otherwise stated)		
Advances recoverable in cash or in 'kind or for value to be received		
Considered good	1972.23	212.67
Considered doubtful	43.84	42.43
Sub total	2016.07	255.10
Less : Provision for doubtful advances	<u>43.84</u>	<u>42.43</u>
Sub total	1972.23	212.67
Deposit with Excise and Customs	206.91	206.91
Other Deposits	30.72	6.59
Advance Tax (Net of Provision)	200.64	226.93
Claims Recoverable	66.79	116.52
Cenvat / Service Tax / VAT recoverable	<u>172.69</u>	<u>111.32</u>
	2649.98	880.94



	AS AT 31.03.08 Rs/Lakhs	AS AT 31.03.07 Rs/Lakhs
SCHEDULE 12: CURRENT LIABILITIES		
Acceptances	1345.19	826.31
Sundry creditors :		
Dues to MSME'S	-	-
Dues to others	3546.55	2920.98
Security Deposits	31.59	37.60
Unclaimed Dividends*	2.42	1.99
Unclaimed Fixed Deposits (Including Interest)*	36.34	21.22
Interest accrued but not due on loans	127.90	130.80
* Will be credited to Investor Education and Protection Fund if not claimed within seven years from the issue of dividend/interest warrant/maturity of Fixed Deposits. No interest have accrued on them.		
	<u>5089.99</u>	<u>3938.90</u>
SCHEDULE 13: PROVISIONS		
Provision for leave encashment	32.94	34.06
Proposed Dividends	-	32.26
	<u>32.94</u>	<u>66.32</u>
	YEAR ENDED	YEAR ENDED
	31.03.08	31.03.07
	Rs/Lakhs	Rs/Lakhs
SCHEDULE 14: OTHER INCOME		
Claims		
Dividend on shares / Units (Non-Trade)	539.19	754.87
Exchange currency fluctuation (Net)	59.94	3.89
Scrap sales	21.58	25.59
Profit on Sale of fixed assets	-	39.78
Interest		
From Customers *		
On Loans & Deposits *	18.85	18.45
Others **	13.28	-
Others	2.51	5.37
	<u>655.35</u>	<u>847.95</u>
* Includes Income-tax deducted at source	7.52	4.02
** Includes interest on income tax refunds	12.95	-
SCHEDULE 15: RAW MATERIALS CONSUMED		
Opening stock of Raw Material	1674.02	1833.48
Add : Purchases of Raw Materials	12199.43	11845.46
	<u>13873.45</u>	<u>13678.94</u>
Less : Closing Stock of Raw Material	1357.34	1674.02
Raw Materials consumed *	<u>12516.11</u>	<u>12004.92</u>
* Includes Prior Period expenditure	37.77	-
SCHEDULE - 16:		
(INCREASE) \ DECREASE IN STOCK		
Opening Stock : Work in progress	583.43	458.89
Finished goods	1540.03	1013.06
Sub Total	<u>2123.46</u>	<u>1471.95</u>
Closing Stock : Work in progress	425.57	583.43
Finished goods	1182.58	1540.03
Total	<u>1608.15</u>	<u>2123.46</u>
(Increase) \ Decrease in Stock	<u>515.31</u>	<u>(651.51)</u>



	Year Ended 31.03.08 Rs/Lakhs	Year Ended 31.03.07 Rs/Lakhs
SCHEDULE 17: EXPENSES		
Stores & Spares Consumed	121.16	47.66
Power & Fuel	679.41	797.02
Rent	70.51	50.43
Repairs & Maintenance		
Buildings	0.61	0.14
Plant & Machinery #	334.00	189.92
Other Maintenance	56.24	38.37
Freight #	476.75	427.02
Salaries, Wages, Bonus, etc.	451.92	333.63
Contribution to PF and other Funds	41.99	36.17
Workmen & Staff Welfare Expenses	52.54	63.28
Insurance	24.61	25.35
Rates & Taxes	88.58	85.93
Contract Conversion Charges	1211.28	956.55
Travel	78.53	62.98
Telephone	42.16	22.32
Legal and professional charges	17.41	26.73
Auditors Remuneration & Expenses		
Audit Fee	3.50	3.50
Interim audit fee	1.50	1.50
Tax Matters	1.50	1.50
Certification Work	1.73	0.93
Directors Sitting Fees	0.60	0.68
Selling Commission	2.07	8.46
Discount Stockist	34.09	168.00
Management Expenses Reimbursed to SRF	20.00	20.00
Miscellaneous Expenses (*) (**) (***)	302.68	208.83
	<u>4115.37</u>	<u>3576.90</u>
* Includes Provision for Doubtful Debts and Advances	78.41	109.32
** Includes assets/debts/stocks written off/Loss on fixed Assets	62.84	37.23
*** Includes difference in excise duty provision between opening and closing stock	7.49	(14.64)
# Includes prior period expenditure (Rs. 11.50 lacs on freight on sales & Rs. 2.54 lacs on repairs & maintenance)	14.04	-
SCHEDULE 18: INTEREST & FINANCE CHARGES		
INTEREST COST		
Term Loans & Fixed Deposit	221.47	49.87
Cash Credit & Others	789.54	380.40
Financial Charges	<u>229.72</u>	<u>329.86</u>
	<u>1240.73</u>	<u>760.13</u>

SCHEDULE 19: ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A) ACCOUNTING POLICIES

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS.

The financial statements have been prepared on the historical cost convention basis. The generally accepted accounting principles and the Accounting Standards referred under section 211(3C) of the Companies Act 1956 have been adopted by the Company and disclosures made in accordance with the requirements of Schedule VI of the Companies Act 1956 and the Indian Accounting Standards.



2. FIXED ASSETS

Gross block of fixed assets have been stated at their original cost. Cost Includes interest on borrowings up to the date of putting the assets to use.

3. EXPENDITURE DURING CONSTRUCTION

In respect of substantial expansion of businesses at existing locations only direct costs are capitalised together with interest on the funds relatable to them upto the date of commercial production.

4. DEPRECIATION

4.1 Depreciation is provided on Fixed assets with reference to their historical cost (exclusive of cenvatable Customs/Excise duty).

4.2 Depreciation is provided on:

- a. All assets (*including plant and machinery) costing less than Rs.5,000/- for the full value thereof.
*Provided such assets are less than 10% of the aggregate value of plant and machinery in each division.
- b. Furniture & Fixtures, Office Equipments, Data Processing Equipment, and Vehicles on Straight-line method at rates based upon life determined by the management which are lower than the life determined based on the rates specified in Schedule XIV to the Companies Act, 1956.
The depreciation rates based on useful life as estimated by the management varies between 1.63 % to 31.66 %.
- c. Roads, Buildings and Plant & Machinery on straight-line basis at rates based on useful life determined by management or at rates specified in Schedule XIV on the historical cost, whichever, amount of depreciation is higher.

4.3 In case where plants are inter-dependent for production of final end-product the management has identified Cash Generating Units (CGU) as a product line. Where there is no inter-dependency, individual plant is to be recognized as CGU.

Where the carrying amount of a CGU is more than the higher of its Net Realisable Value or Value In use, the loss is recognized in profit & loss account. The loss so recognized is distributed amongst the various items of assets, which in the opinion of management have impaired, in proportion to the carrying amount of the amounts concerned. Unserviceable assets on physical verification is written off/provided for.

5. AMORTISATION

No expenditure is treated as Deferred Revenue.

6. FOREIGN CURRENCY TRANSACTION: TRANSLATION AND CONVERSION

- a) Transaction in foreign currencies is recorded at the rate prevalent on the date of transactions.
- b) All Foreign Currency liabilities and monetary assets are stated at the exchange rate prevailing as at the date of Balance Sheet or at the contracted rate, and the difference taken to Profit & Loss account as Exchange Fluctuation loss or gain.
- c) The company discloses the open and hedged foreign exchange exposure as note to the accounts.

7. RESEARCH AND DEVELOPMENT

Revenue expenditure on Research & Development are included under the natural heads of expenditure. Capital expenditure on Research & Development are treated in the same manner as expenditure on other Fixed assets.

8. VALUATION OF INVENTORY

- a. Closing stock of finished goods is valued at the lower of cost or estimated realisable value. For this purpose, cost is being reckoned as full cost (exclusive of interest and administrative overheads) net of Excise Duty and includes excise duty on the finished goods where applicable.
- b. Closing stock of work-in-progress is valued at the lower of the cost or estimated realisable value; for this purpose cost does not include Excise duty.
- c. Inventory of raw material is valued at weighted average cost or net realisable value whichever is lower; cost being net of Excise duty.
Reprocessable waste, grouped under raw material, is valued at nominal rate.
- d. Inventory of Stores and spares is valued at cost, exclusive of Excise duty.
- e. In respect of slow moving inventories the diminution in value is provided and shown net of the inventory concerned.

9. INVESTMENTS

- a) Long term quoted investments are valued at cost unless there is a permanent fall in their value as at the date of Balance Sheet.
- b) Unquoted investment in subsidiaries being of long term nature are valued at cost and no loss is recognized in the fall in their net worth, if any, unless there is permanent fall in their value.

10. RETIREMENT BENEFITS

Retirement benefits have been recognized in accordance with Revised AS-15. Accordingly:-

- a. The retirement benefit for encashment of leave salary is fully provided for on actuarial basis.
- b. The liability on account of provident fund in respect of officers is met by contribution to “SRF officers provident fund trust” in which SRF Polymers Limited is a participating company and for others by contribution to respective Regional Provident Fund commissioner. Contributions for Employees Pension Scheme in respect of all employees are deposited with respective Regional Provident Fund Commissioner.
- c. The contribution to superannuation fund is accounted at specified rate and payment are made to separate trusts. Trustees administer contributions made to the Trust and contributions are invested in specific investments as permitted by law.
- d. Company provides for gratuity, a defined benefit retirement plan (the “Gratuity Plan”) covering eligible employees. In accordance with the Payment of Gratuity Act, 1972, the Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee’s salary and the tenure of employment. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation as of the balance sheet date, based upon which, the company contributes all the ascertained liabilities to the SRF Polymers Employees Gratuity Trust (the “Trust”) and SRF Polymers Officers Gratuity Trust (the “Trust”). Trustees administer contributions made to the Trust and contributions are invested in specific investments as permitted by law.

11. CONTINGENT LIABILITY

Liabilities, though contingent, are provided for if there are reasonable prospects of such liabilities maturing. Other contingent liabilities, barring frivolous claims not acknowledged as debt, are disclosed by way of note.

12. REVENUE RECOGNITION

- a. Sales are inclusive of excise duty and net of trade discounts. Export sales include goods invoiced against confirmed orders and cleared from excise and customs authorities.
- b. Other items of revenue are recognised in accordance with the Accounting Standard (AS-9). Accordingly, wherever there are uncertainties in the ascertainment-realisation of income such as interest from customers (including the financial condition of the person from whom the same is to be realised), the same is not accounted for.

13. TAXATION

- a. Tax provision is made, in accordance with the Income Tax Act 1961 including the provisions regarding Minimum Alternate Tax and the contentions of the Company and also the fact that certain expenditure becoming allowable on payment being made before filing of the return of income.
- b. Deferred tax assets and liabilities are accounted for on the basis of Accounting Standard AS-22. Deferred tax liabilities and assets are recognized at substantively enacted tax rates, subject to the consideration of prudence, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

14. BORROWING COST

Borrowing cost (including difference in exchange rate on the principal to the extent it represents interest cost) attributable to the acquisition or construction of qualifying assets is capitalized as a part of the cost of those assets. Other borrowing costs are recognized as an expense in the period to which they relate.

15. EARNING PER SHARE

The earnings considered in ascertaining the Company’s Earnings per Share (‘EPS’) comprise the net profit after tax. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year.

The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares.

B) NOTES

1. Details for Securities for Loans:

The borrowings of the company are secured against the assets of the company as indicated below:

Sl No	Loan	Outstanding Amount(Rs lakhs)	Security
Long Term from Banks			
1	Term Loan –State Bank of Patiala	5210.00	These term loans are secured by :- a) First pari-passu charge on the movable properties both present and future of the company situated at Manali

Sl No	Loan	Outstanding Amount(Rs lakhs)	Security
			in the State of Tamil Nadu and Pantnagar in the State of Uttarakhand subject to charges created on certain specified movable assets for the working capital facilities mentioned below. b) First pari-passu charge on the immoveable properties of SRF Polymers Ltd. situated at Manali in the State of Tamil Nadu (both present & future) and Pantnagar in the State of Uttarakhand
Short term from Banks			
1	Cash Credit, Working Capital demand loans – State Bank of Patiala	1915.73	Secured by :- a) First charge on the stocks, stores and book debts, both present and future of the company situated at Manali in the state of Tamil Nadu and Pantnagar in the State of Uttarakhand. b) Second and sub-servient charge on the immoveable properties of SRF Polymers Ltd. situated at Manali in the State of Tamil Nadu (both present & future) and Pantnagar in the State of Uttarakhand.
Short term from Others			
1	SRF Employees Welfare Co. Ltd.	1040.00	Pledge of 330,000 fully paid up equity shares of Rs.10 each of SRF Ltd. held by the SRF Polymers Ltd. However there is a shortfall in the security margin of amounting to Rs. 818.46 lacs due to decrease in the share price of SRF Limited shares quoted as at 31 st March 08.
	Total	8165.73	

Out of above long term loans, a sum of Rs. 640 lakhs (previous year Rs 90 lakhs) would become due for repayment within a year.

2. Capital Commitments

The estimated amount of contracts remaining to be executed on capital account and not provided for amounts to Rs. 44.23 lakhs (Previous year Rs. 260.13 lakhs).

3. Contingent Liabilities

a) Claims against The Company not acknowledged as debts on account of:

	(Rs. Lakhs)	
	31-03-08	31-03-07
Excise duty	41.79	119.17
Custom Duty*	176.11	141.60
Sales Tax**	40.02	—
Income Tax	52.55	18.55
Total	310.47	279.32

* Amount Deposited Rs. 96.06 Lakhs (Previous Year Rs. 96.06 Lakhs)

** Amount Deposited Rs. 1.72 Lakhs (Previous Year Rs. Nil)

The Company has been advised that its contentions in the matter of disputed demands are legally tenable and hence the possibility of these maturing is remote.

- b) The Company has been served with show cause notices regarding certain transactions as to why additional excise duty amounting to Rs. 496.28 Lakhs (Previous year Rs. 22.62 lakhs) should not be levied. The Company has been advised that the contention of the department is not tenable and hence the show cause notice may not be sustainable.
- c) Guarantees provided on behalf of wholly-owned subsidiary SRF Polymers Investment Ltd. for repayment of loans and interest thereon amount to Rs. 13971 lakhs (Previous Year Rs. 10447.55 lakhs). The Company has also pledged 98,85,795 shares (Previous Year 84,37,795) of SRF Ltd. for loan facilities provided to the said wholly-owned subsidiary.
- d) Liability on account of bills discounted Rs. 345.38 lakhs (Previous year Rs 938.78)
- e) The Company has given a surety of Rs. 5 lakhs (Previous year Rs. 5.00 lakhs) on behalf of SRF Ltd. to Delhi Sales tax authorities.

4. Statement of investments (non trade unless otherwise stated)

	Name of the security – Company	No of shares	Nominal per Value per unit Rs/share	Book Value- Cost as at 31-03-08 Rs in Lakh	Book Value- Cost as at 31-03-07 Rs in Lakh
Long Term at cost					
a)	Quoted equity shares of SRF Limited* [@]	10783886	Rs. 10 fully paid	3665.09	3665.09
b)	Unquoted equity shares of SRF Polymers Investments Limited (A wholly owned subsidiary)	4205002	Rs. 100 fully paid	4204.01	4204.01
	Total			7869.10	7869.10
	*Aggregate market value of quoted Investment			10859.37	13075.46

[@] Out of the above 98,85,795 shares (Previous Year 84,35,795) & 3,30,000 shares (Previous Year 3,30,000) are pledged for loans taken by SRF Polymers Investment limited (wholly owned subsidiary) & SRF Employees Welfare Co. Ltd. respectively.

5. Reserve and Surplus

The Company is entitled for capital investment subsidy of Rs. 30 lakhs as per the Industrial policy (2003) of Uttaranchal Government for setting up the plant in the IIE Pantnagar, District - Udham Singh Nagar, State - Uttaranchal. The Company is yet to file the application for availing this benefit.

6. Fixed Assets

The company inter alia owns undivided interest to the extent of 74.67% in 1.29 acres of land along with a proportionate but, demarcated built up area thereon, at Manali Industrial Area, Manali, Chennai - 600 068 pursuant to a Scheme of Amalgamation Arrangement and Reconstruction sanctioned by the Hon'ble High Courts of Delhi and Madras. An Agreement of Mutual Covenants between SRF Limited and the Company was executed on 8th September 2006 to record the vesting of title under the court scheme. This ownership in land is yet to be mutated in the name of the Company.

7. Loans and Advances

- The loans and advances include certain advances for purchase of material and liabilities created for some of such advances. These are pending matching, reconciliation and confirmation and the parties concerned.
- Rs. 9.16 Lakhs as interest free security deposit for accommodation, for various offices and officers, taken on lease. (Previous year Rs. 15.25 Lakhs)

8. Repairs & Maintenance

Repairs and Maintenance to Plant & Machinery and Buildings include stores and spares consumed of Rs. 292.50 Lakhs & Rs. 0.62 Lakhs respectively (Previous year Rs. 97.53 lakhs and Rs. 0.14 lakhs respectively).

9. Provision for Taxation

The details of Net deferred tax asset of Rs 813.68 lakhs (previous year assets Rs 295.97 lakhs) are as under:

Particulars	Rs in Lakhs	
	31-03-2008	31-03-2007
Deferred tax liability on account of:		
Difference between book and tax depreciation	423.29	172.43
Total	423.29	172.43
Deferred tax assets on account :		
Provision for doubtful debts	107.05	82.49
Unabsorbed losses	1118.72	109.22
Claim allowable under section 43 B	11.20	276.69
Total	1236.97	468.40
Net deferred tax liability/(asset)	(813.68)	(295.97)

10. Directors' remuneration*

Whole time Director	Rs in Lakhs	
	31-03-2008	31-03-2007
Salary including allowances	5.59	4.46
Contribution to provident and superannuation funds	0.60	0.44
Total	6.19	4.90



Having regard to the fact that there is a global contribution to gratuity fund and towards leave encashment the amount applicable to an individual employee is not ascertainable and accordingly contribution to gratuity fund and leave encashment have not been considered in above computation.

* The director is entitled to a fixed remuneration irrespective of the profits or losses in accordance with the Schedule XIII of the Companies Act, 1956

11. Dues to Micro, Small and Medium Enterprises

This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. Accordingly, there were no interest due on the principal amount nor there was any necessity to pay interest for delayed payments in terms of Section 16 of the said Act.

12. Related Party Transactions

As per AS –18 issued by the Institute of Chartered Accountants of India, the Company's related parties and transactions with them are disclosed as under:

Key Management Personnel (a)	Associate (b)	By virtue of Control (c)
Shri Rajat Laxhanpal,* Whole Time Director	SRF Ltd	SRF Polymers Investments Limited Bhairav Farms Pvt. Ltd..

* Appointed w.e.f 01.02.2005

(Rs/Lakhs)

Nature of Transaction	(a)		(b)		(c)	
	31-03-08	31-03-07	31-03-08	31-03-07	31-03-08	31-03-07
Rental Paid	—	—	6.28	4.39	—	—
Purchase of goods & Payment for Services	—	—	1862.49	1868.16	—	—
Receiving of Services	—	—	8.83	17.35	—	—
Sale of Fixed Assets	—	—	6.66	56.30	—	—
Investment in equity	—	—	—	2868.75	—	—
Loan received	—	—	—	—	2825.00	565.00
Loan re-payment	—	—	—	—	655.00	565.00
Interest paid on ICD/Loans	—	—	10.12	25.71	78.55	0.56
ICD received	—	—	—	—	—	50.00
ICD repaid	—	—	—	—	—	50.00
Management expenses	—	—	20.00	20.00	—	—
Reimbursement of expenses	—	—	46.92	68.90	—	—
Remuneration	6.19	4.9	—	—	—	—
Year end receivable/ (payable)	—	—	(128.29)	(371.18)	—	—

13. Earning Per Equity Share

Annualised earnings per equity share have been calculated based on the net loss after taxation of Rs 1399.32 lakhs (Previous Year Rs. 614.17 lakhs) and the average number of equity shares of 6452615 (Previous Year 6452615).

Basic and diluted earning per share for the year is Rs -21.69 (Previous Year Rs 9.52)

14. Segment Reporting

The segments of the company have been identified in line with the Accounting Standard on segment reporting (AS-17) taking into account the organization structure as well as the differential risks and returns of these segments.

The company's reportable operating segments consist of the following two business groups:

- Fishnet Twine
- Engineering Plastics

Segment revenue, Results and Capital Employed includes the respective amounts identifiable to each of the segments. Other unallocable expenditure includes expenses incurred on common services provided to the segments, which are not directly identifiable. Unallocated corporate assets mainly relate to investments.

The company has no operations outside India and hence secondary segment namely geographical segment is not applicable.

Segment Revenue, Results and Capital Employed for the year ended 31st March 2008

Particulars	Amount (Rs. Lakhs) 31-03-08	Amount (Rs. Lakhs) 31-03-07
Segment Revenue		
a) Fishnet Twine	7926	7244
b) Engineering Plastics	8773	8476
Total Segment revenue	16699	15720
Less: Inter Segment revenue	381	58
Net Sales - Income from Operations	16318	15662
Segment Results		
(Profit before interest and tax from each segment)		
a) Fishnet Twine	(725)	256
b) Engineering Plastics	(379)	438
Total Segment results	(1104)	694
Less: i) Interest	1209	742
Add: ii) Other Unallocable income net of un-allocable expenses	424	650
Profit before tax	(1889)	602
Capital Employed (Segment assets less segment liabilities)		
a) Fishnet Twine	369	2329
b) Engineering Plastics	10433	7719
Total Capital Employed in segments	10802	10048
Add : Unallocable corporate assets less liabilities	7671	8312
Total Capital Employed in the Company	18473	18360

15. Employee Benefits

Gratuity - In accordance with applicable laws, the Company provides for gratuity, a defined benefit retirement plan (Gratuity Plan) covering all staff, workers and officers. The Gratuity Plan provides for, at retirement or termination of employment, an amount based on the respective employee's last drawn salary and the years of employment with the Company. The Company provides the gratuity benefit through annual contributions to a Gratuity trust which in turn mainly contributes to HDFC Standard Life Insurance Company Limited for this purpose. Under this plan the settlement obligation remains with the Gratuity trust. HDFC Standard Life Insurance Company Limited administers the plan and determines the contribution premium required to be paid by the trust. The Company has also obtained an independent actuarial valuation of the Trust's assets and liabilities, and accordingly, the difference has been provided for by the Company.

The gratuity liability is been paid by the company in the case of employees, who left during the current period.

Change in the benefit obligation	Amt. (Rs. Lacs)
Projected Benefit Obligation (PBO) at the beginning of the year (01-04-2007)	74.40
Service cost	5.06
Interest cost	5.95
Benefits paid	(21.35)
Actuarial loss/(gain)	9.52
PBO at the end of the year (31-03-08)	73.58
Change in plan assets	
Fair value of plan assets at the beginning of the year	78.20
Estimated return on plan assets	6.42
Employer contributions	30.10
Benefits paid	---
Actuarial loss/(gain)	2.58
Plan assets at the end of the year	117.30

Assumptions

Discount rate	8%
Rate of increase in compensation levels	7%
Rate of return on plan assets	8%

The Company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards.



Leave encashment Liability: Defined Benefit Plan which is unfunded

A provision of Rs. 2.60 lacs has been created towards Leave salary provision by charge to current year's profit included under Salaries.

Superannuation - Defined Contribution Plan where contributions are made to a Trust which in turn contributes to ICICI Prudential Life Insurance Co. Ltd.

Apart from being covered under the Gratuity Plan described above, the employees of the Company also participate in a defined contribution Superannuation plan maintained by the Company. The Company has no further obligations under the plan except making annual contributions based on a specified percentage of each covered employee's salary. From 1st November, 2006, the Company provided an option to the employees to receive the said benefit as cash compensation along with salary in lieu of the superannuation benefit, Thus, no contribution is required to be made for the category of employees who opted to receive the benefit in cash.

Provident Fund - Defined Contribution Plan

In addition to the above benefits, all employees are entitled to Provident Fund benefits as per the law. For certain category of employees the Company administers the benefits through a recognized Provident und trust. For other employees contributions are made to the regional Provident Fund Commissioners as per law. The Government mandates the annual yield to be provided to the employees on their corpus. For the first category of employees (covered by the Trust), the Company has an obligation to make good the shortfall, if any, between the yield on the investments of the trust and the yield mandated by the Government

16. The details of the forex exposure of the company as on 31-03-08 are as under:

	Amt Mln USD
Inflows	5.43
Outflows	0.09
Net Exposures	5.34
Hedging status	
• Hedged	3.00*
• Open	2.34

The company has not entered into any hedging transactions in the nature of speculation in 2007-08 (Previous year Nil).

* Includes positions arising out of cross currency hedges

17. Statement of Additional Information

a. Registered & Installed capacity per annum:

	Unit	2008	2007
Nylon Chips	MT	6600	3300
Nylon Compounding Chips	MT	14500	5400
Nylon Twine	MT	1440	1440

b. Actual production:

	UNIT	2008	2007
Synthetic filament yarn/ Industrial Yarn/Nylon Chips *	MT	1391.62	3157.92
Nylon Compounding Chips	MT	6144.66	6054.13
Nylon Twine	MT	499.66	318.35

*Manufactured through contract manufacturers

c Opening & Closing Stock of Finished Goods (manufactured)

		Closing Quantity (MT)	Stock Value (Rs.Lakhs)	Opening Quantity (MT)	Stock Value (Rs.Lakhs)
Synthetic Filament Yarn/ Industrial Yarn/Nylon Chips/Twine	2008	477.04	651.21	639.50	1186.13
	2007	639.50	1186.13	297.16	510.02
	2008	351.24	521.05	211.42	327.87
	2007	211.42	327.87	360.74	503.04
Ryton	2008	2.60	10.32	4.73	26.03
	2007	4.73	26.03	-	-
Total	2008		1182.58		1540.03
	2007		1540.03		1013.06

d. Turnover:

	2008		2007	
	Quantity (MT)	Value (RS. Lakhs)	Quantity (MT)	Value (Rs. Lakhs)
Synthetic Filament Yarn/ Industrial Yarn*/Nylon Chips/Twine	4857.13	7578.37	4038.56	7188.44
Nylon Compounding Chips	6002.99	9277.96	6203.36	9702.97
Waste & Others(Traded Goods)		510.88		125.68
Gross Sales		17367.21		17017.09
Less: Excise Duty		1049.30		1354.60
Net Sales		16317.91		15662.49

* Includes goods bought out 273.50 MT (Previous year 1573.94 MT).

e Raw Material Consumption:

	2008		2007	
	Quantity (MT)	Value (Rs. Lakhs)	Quantity (MT)	Value (Rs. Lakhs)
Polyester-Nylon chips	4706.24	13097.75	6801.63	9225.23
Others		475.16		3841.90
Sub-Total		13572.91		13067.13
LESS: CENVAT Credit Availed		1056.80		1062.21
Total		12516.11		12004.92

f Traded Goods:

Quantitative particulars have not been given as the goods traded are assorted.

g. Value of Imported-Indigenous Raw Materials, Stores and Spares Consumed:

	2008		2007	
	%	(Rs. Lakhs)	%	(Rs. Lakhs)
Raw Materials				
Imported	81.01	10139.22	59.67	7162.90
Indigenous	18.99	2376.89	40.33	4842.02
	100	12516.11	100	12004.92
Stores and Spares				
Imported	9.85	11.94	2.03	0.97
Indigenous	90.15	109.22	97.97	46.69
	100	121.16	100	47.66

h. Value of Imports on CIF basis:

	2008 (Rs. Lakhs)	2007 (Rs. Lakhs)
Raw Materials	8316.27	6697.09
Stores and Spares	84.22	1.85
Capital Goods	-	323.30

i. Expenditure in Foreign Currency:

	2008 (Rs. Lakhs)	2007 (Rs. Lakhs)
Interest	-	-
Exchange Fluctuation Difference	-	-
Travel	3.17	2.32
Others	-	-



j. Earnings in Foreign Exchange:

	2008 (Rs. Lakhs)	2007 (Rs. Lakhs)
Export of goods calculated on FOB Value	176.39	124.72
Exchange Fluctuation Difference	59.94	3.89

18. Information pursuant to part IV of schedule VI of the Companies Act, 1956

REGISTRATION DETAILS

Registration No.	104779	State Code	55
Balance Sheet Date	31.3.2008		

CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. '000)

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMT. IN RS.'000)

Total Liabilities	1928680	Total Assets*	1928680
<i>Sources of Funds</i>		<i>Application of Funds</i>	
Paid-up Capital	64526	Net Fixed Assets	826314
Reserves and Surplus	556937	Investments	786910
Secured Loans	816573	Net Current Assets*	234088
Unsecured Loans	490644	Deferred Tax Assets	81368

*Net of Current Liabilities and Provisions

PERFORMANCE OF THE COMPANY (AMOUNT RS. '000)

Turnover	1697326
Total Expenditure	1886246
Profit before Tax and Extra-ordinary items	(188920)
Profit after Tax	(139932)
Earnings per equity share in Rs.	(21.69)
Dividend Rate -Equity (Proposed)	-

GENERIC NAMES OF THREE PRINCIPAL PRODUCTS-SERVICES OF COMPANY (AS PER MONETARY TERMS)

Item Code No. (ITC Code)	54.02	Product Description	Synthetic Filament Yarn
Item Code No. (ITC Code)	39.08	Product Description	Nylon Moulding Powder
Item Code No. (ITC Code)	39.26	Product Description	Poly Butyl Tera Thelate

19 Previous Year figures have been regrouped, reworked and rearranged wherever necessary.

As per our report of even date

For THAKUR, VAIDYANATH AIYAR & CO.,
Chartered Accountants

V. Rajaraman
Partner
Membership No. 2705

Rajat Lakhnupal
Whole Time Director & Company Secretary

Mukul Khandelwal
Director

Arun Bharat Ram
Chairman

Gurgaon
Date: 4th June, 2008

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACTS, 1956, RELATING TO SUBSIDIARY COMPANIES

S.No.	Particulars	SRF Polymers Investments Limited	SRF Polymers Investments Limited
1	Financial year of the subsidiary company	31-03-2008	31-03-2007
2	Extent of the holding company interest in the subsidiary company	4205002 equity shares of Rs 100 each fully paid up	4205002 equity shares of Rs 100 each fully paid up
	Percentage of holding (equity)	100	100
	Percentage of holding (preference)	Nil	Nil
3	Net aggregate amount of profit- (loss) of the subsidiary company for the financial year (S) so far it concern members of SRF Polymer Limited	88.82	277.69
a)	Dealt with in the accounts of SRF Polymers Limited		
	i) For the financial year of the subsidiary company	-	-
	ii) For the previous financial year (s) of the subsidiary company since it became subsidiary	-	-
b)	Not dealt with in the accounts of SRF Polymers Limited		
	i) For the financial year of the subsidiary company	(188.87)	318.11
	ii) For the previous financial year (s) of the subsidiary company since it became subsidiary	277.69	(40.42)
4	A Change of SRF Polymers Limited interest in subsidiary company between the end of the financial year of the subsidiary company and that of SRF Polymers Limited	Not applicable	Not applicable
	B Material changes between the end of the financial year of the subsidiary company and that of SRF Polymers Limited in respect of :		
	a) Fixed assets	Not applicable	Not applicable
	b) Investments	Not applicable	Not applicable
	c) Money lent by the subsidiary company	2170.00	Not applicable
	d) Money borrowed by the subsidiary company for the purposes other than the meeting current liabilities.	13971.00	10627.55

Rajat Lakhanpal
Whole time Director
& Company Secretary

Mukul Khandelwal
Director

Arun Bharat Ram
Chairman

Gurgaon
Date: 4th June, 2008



CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31,2008

	31.03.08 (Rs. Lakhs)	31.03.07 (Rs. Lakhs)
A CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before tax and extra-ordinary items	(1889.20)	601.80
Adjustments for		
Depreciation	474.94	218.20
Interest Paid (Net)	1,208.60	741.68
Exchange Fluctuation (Net)	(59.94)	(3.89)
Income from Dividend on Shares	(539.19)	(754.87)
Provsion for Doubtful Debts/Advances(Net of written off)	78.41	109.32
Inventory Written Off	22.62	37.23
(Profit)/Loss on sale of Fixed Assets	0.09	(39.78)
Operating Profit before working capital changes	(703.67)	909.69
Adjustments for		
Trade and Other Receivables	(971.00)	300.97
Inventories	744.03	(624.52)
Trade Payables and Provisions	1,155.47	(1561.76)
Cash Generated from operations	224.83	(975.62)
Interest Paid (Net)	(1,208.60)	(741.68)
Exchange Fluctuation (Net)	59.94	3.89
Taxation	(27.83)	(29.68)
Net Cash from operating activities (A)	(951.66)	(1743.09)
B CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(2,347.89)	(4764.33)
Sale of Fixed Assets	11.22	57.56
Income from Dividend on Shares	539.19	754.87
Net Cash used in Investing Activities (B)	(1797.48)	(3951.90)
C CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds (Repayment) of long term borrowings	719.00	3091.00
Proceeds (Repayment) of Short term borrowings	(151.79)	1190.25
Proceeds from unsecured loans	1463.09	2,148.49
Dividends on Equity Share Capital	(32.26)	(32.26)
Dividend Tax	(5.48)	(4.52)
Net cash used in/ from financing activities (C)	1992.56	6392.96
Net increase in Cash and Cash Equivalents D=(A+B+C)	(756.58)	697.97
Cash & Cash equivalents at the beginning of the year (E)	1081.01	383.04
Cash & Cash equivalents at the close of the year F =(D+E)	324.43	1081.01

Rajat Lakhanpal
Whole time Director
& Company Secretary

Mukul Khandelwal
Director

Arun Bharat Ram
Chairman

We have certified the above cash flow statement of SRF Polymers Limited derived from the audited financial statements for the year ended March 31,2008 and other records and found the same to be drawn in accordance there with and also with the requirements of clause 32 of the listing agreements with the Stock Exchanges

For THAKUR VAIDYANATH AIYAR & CO
Chartered Accountants

Gurgaon
Date : 4th June 2008

V.RAJARAMAN
Partner
M.NO-2705

AUDITORS' REPORT

To the Board of Directors of SRF Polymers Limited on the Consolidated Financial Statements of SRF Polymers Limited, its subsidiary and associate

We have examined the attached Consolidated Balance Sheet of SRF Polymers Limited, its subsidiary SRF POLYMERS INVESTMENTS LIMITED and its Associate SRF Ltd., as at 31st March 2008, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework generally accepted in India and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements and Accounting Standard (AS) 23, Accounting for Investment in Associates in Consolidated Financial Statements,

issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of SRF Polymers Ltd., its subsidiary and associate included in the consolidated financial statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the company, its subsidiary and associate and *subject to, the effects of reconciliation and confirmation of balances with regard to the amounts of liabilities and advances included in loans and advances referred to in note no. 7(a)*, we are of the opinion that:

- (a) the Consolidated Balance Sheet, gives a true and fair view of the consolidated state of affairs of the company, its subsidiary and associate as at 31st March 2008;
- (b) the Consolidated Profit and Loss Account, gives a true and fair view of the consolidated results of operations of the company, its subsidiary and associate for the year then ended; and
- (c) the Consolidated Cash Flow Statement, gives a true and fair view of the consolidated cash flows of the company, its subsidiary and associate for the year then ended.

**For THAKUR, VAIDYANATH AIYAR & CO.
Chartered Accountants**

Place: New Delhi
Date: 4th June, 2008

**V. Rajaraman
Partner
M.No.2705**



CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2008

		AS AT 31.03.08 Rs/Lakhs	AS AT AS AT 31.03.07 Rs/Lakhs
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	645.26	645.26
Reserves & Surplus	2	<u>22679.19</u>	<u>20272.86</u>
		<u>23324.45</u>	<u>20918.12</u>
Loan Funds			
Secured Loans	3	22136.73	18226.07
Unsecured Loans	4	<u>2736.44</u>	<u>3443.35</u>
		<u>24873.17</u>	<u>21669.42</u>
TOTAL		<u>48197.62</u>	<u>42587.54</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	6	12659.40	6155.55
Less: Depreciation		<u>2088.20</u>	<u>1581.57</u>
Net Block		<u>10571.20</u>	<u>4573.98</u>
Capital Work-in-Progress		<u>-</u>	<u>4174.77</u>
		<u>10571.20</u>	<u>8748.75</u>
Investments	7	33680.88	28981.13
Deferred Tax Assets	5	888.95	350.78
Current Assets, Loans & Advances			
Inventories	8	3182.68	3949.33
Sundry Debtors	9	1306.71	2183.16
Cash and Bank balances	10	1292.38	1705.37
Loans and Advances	11	<u>2724.62</u>	<u>930.79</u>
		<u>8506.39</u>	<u>8768.65</u>
Less: Current Liabilities & Provisions			
Current Liabilities	12	5416.85	4195.45
Provisions	13	<u>32.94</u>	<u>66.32</u>
		<u>5449.79</u>	<u>4261.77</u>
Net Current Asset		<u>3056.60</u>	<u>4506.88</u>
TOTAL		<u>48197.62</u>	<u>42587.54</u>
Accounting Policies & Notes to Accounts	19		
Schedules 1 to 13 and 19 form an integral part of the Balance Sheet			

As per our report of even date
For THAKUR, VAIDYANATH AIYAR & CO.
Chartered Accountants

V. Rajaraman
Partner
M.NO-2705

Rajat Lakhanpal
Whole Time Director
& Company Secretary

Mukul Khandelwal
Director

Arun Bharat Ram
Chairman

Gurgaon
Date : 4th June 2008



CONSOLIDATED PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH 2008

	Schedule	YEAR ENDED 31.03.08 Rs/Lakhs	YEAR ENDED 31.03.07 Rs/Lakhs
INCOME			
Gross Sales		17367.21	17017.09
Less: Excise Duty		1049.30	1354.60
Net Sales		16317.91	15662.49
Other Income	14	352.42	316.45
Total Income		16670.33	15978.94
EXPENDITURE			
Raw material consumed	15	12516.11	12004.92
(Increase) \ Decrease in Stock	16	515.31	(651.51)
Expenses	17	4119.68	3581.30
Interest and Finance Charges	18	2465.92	1641.52
Depreciation		514.11	257.36
Total Expenditure		20131.13	16833.59
Profit before Taxation and extraordinary Items (Current year loss include Rs. 51.81 lacs as prior period expenditure)		(3460.80)	(854.65)
Less: Provision for Taxation		10.05	7.00
Less: Deferred Tax Liability/ (Assets)		(538.17)	(34.15)
Less : Provision for Tax Written Back		19.11	22.81
Profit after Taxation		(2951.79)	(850.31)
Share in Profit of SRF Ltd (Associate company)		5358.12	10558.37
Profit After Share in Associate		2406.33	9708.06
Less: Equity Dividend		-	32.26
Less: Tax on Corporate Dividend		-	5.48
Add: Profit/(Loss) Brought Forward (Net of Loss of Subsidiaries)		15386.87	5716.55
PROFIT CARRIED TO BALANCE SHEET		17793.20	15386.87
Basic and Diluted EPS (in Rupees) (Ref note no 12)		37.29	150.45
Accounting Policies & Notes to Accounts	19		
Schedules 14 to 19 form an integral part of the Profit and Loss Account.			

As per our report of even date
For THAKUR, VAIDYANATH AIYAR & CO.
Chartered Accountants

V. Rajaraman
Partner
M.NO-2705

Rajat Lakhanpal
Whole Time Director
& Company Secretary

Mukul Khandelwal
Director

Arun Bharat Ram
Chairman

Gurgaon
Date : 4th June 2008



SCHEDULES

SCHEDULE 1: SHARE CAPITAL	AS AT 31.03.08 Rs/Lakhs	AS AT 31.03.07 Rs/Lakhs
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AUTHORISED

1,00,00,000 (1,00,00,000) Equity Shares of Rs.10 each	1000.00	1000.00
50,00,000 (50,00,000) Preference Shares of Rs.10 each	500.00	500.00
	1500.00	1500.00

ISSUED, SUBSCRIBED & PAID UP

6452615 (6452615) Equity Shares of Rs.10 each fully paid up	645.26	645.26
	645.26	645.26

SCHEDULE 2: RESERVES AND SURPLUS

(Rs/Lakhs)

	OPENING BALANCE AS AT 01.04.07	ADDITIONS DURING THE YEAR	WITHDRAWALS DURING THE YEAR	CLOSING BALANCE AS AT 31.03.08
Capital reserve	0.99	-	-	0.99
Capital Redemption Reserve	0.02	-	-	0.02
General reserve	4884.98	-	-	4884.98
	4885.99	-	-	4885.99
Profit & Loss account	15386.87	2406.33	-	17793.20
Total	20272.86	2406.33	-	22679.19
PREVIOUS YEAR	10621.70	9670.32	19.16	20272.86

SCHEDULE 3: SECURED LOANS

	AS AT 31.03.08 Rs/Lakhs	AS AT 31.03.07 Rs/Lakhs
Long Term Loans from:		
-Banks	5210.00	4491.00
-Others	9650.00	8647.55
Short term Loans from Banks	4740.73	1537.52
Short term Loans from Others	2536.00	3550.00
	22136.73	18226.07

SCHEDULE 4: UNSECURED LOANS

Short Term From Banks	1301.58	1983.75
Fixed deposits	1434.86	1459.60
	2736.44	3443.35

SCHEDULE 5: DEFERRED TAX LIABILITY/(ASSETS)

Deferred Tax Liability	423.29	172.43
Less :Deferred Tax Asset	1312.24	523.21
	(888.95)	(350.78)

SCHEDULE 6: FIXED ASSETS

Rs Lacs

DESCRIPTION	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As At 01.04.07	Additions*	Deletions	AS AT 31.03.08	As At 01.04.07	For The Year	Withdrawal	AS AT 31.03.08	AS AT 31.03.08	AS AT 31.03.07
Freehold Land	12.18	-	-	12.18	-	-	-	-	12.18	12.18
Leasehold Land	-	127.69	-	127.69	-	-	-	-	127.69	-
Road	-	46.56	-	46.56	-	0.25	-	0.25	46.31	-
Buildings	2777.52	1483.65	-	4261.17	112.25	69.03	-	181.28	4079.89	2665.27
Plant & Machinery	3053.68	4808.39	-	7862.07	1358.87	373.93	-	1732.80	6129.27	1694.81
Furniture & Fixture, Office Equipments etc.	174.81	34.33	0.12	209.02	57.38	33.37	-	90.75	118.27	117.43
Vehicles	58.95	22.01	18.66	62.30	26.94	11.40	7.48	30.86	31.44	32.01
Intangibles	78.41	-	-	78.41	26.13	26.13	-	52.26	26.14	52.28
TOTAL	6155.55	6522.63	18.78	12659.40	1581.57	514.11	7.48	2088.20	10571.20	4573.98
Previous Year	4629.55	1638.81	112.81	6155.55	1419.26	257.36	95.05	1581.57	4573.98	3210.29

* Includes Interest Capitalization of Rs. 371.93 lacs (Previous year Rs.207.59 lacs)



	AS AT 31.03.08 Rs/Lakhs	AS AT 31.03.07 Rs/Lakhs
SCHEDULE 7: INVESTMENTS		
Non- Trade		
Long Term Investments		
Investment in Associates		
Fully Paid up equity shares of SRF Ltd (quoted)* @	33680.88	28981.13
*Net of Capital Reserve(revaluation reserve is excluded in computation) of Rs. 3620.92 lacs (Rs 3522.29 Lacs) and Dividend received Rs. 1363.60 lacs (Rs. 1782.59 lacs).		
	<u>33680.88</u>	<u>28981.13</u>
@ Market value of quoted investments	27704.55	32630.75
SCHEDULE 8: INVENTORIES		
Raw Material	1357.34	1674.02
Stores & spares	217.19	151.85
Finished Goods	1182.58	1540.03
Stock-in-Process	<u>425.57</u>	<u>583.43</u>
	3182.68	3949.33
SCHEDULE 9: SUNDRY DEBTORS		
Unsecured considered good for recovery by the Management (unless otherwise stated)		
Debts over six months		
Considered good	23.61	63.13
Considered doubtful	314.94	242.68
Other debts		
Considered good	1283.10	2120.03
Less: Provision for doubtful debts	<u>314.94</u>	<u>242.68</u>
	1306.71	2183.16
SCHEDULE 10: CASH AND BANK BALANCES		
Cash on hand	2.04	2.29
Cheques in hand	35.84	-
Balances with Scheduled Banks		
Current Accounts	202.55	940.55
Unclaimed Dividend	2.42	1.99
Fixed Deposit (*)(**)	<u>1049.53</u>	<u>760.54</u>
	1292.38	1705.37
* Also includes margin money	803.32	507.76
** Deposits earmarked Under Rule 3 A of the Companies (Acceptance of Deposits) Rules,1975 amounting of Rs 225 Lacs was made on 28th April 07 with in the due date of 28th April 08.		
SCHEDULE 11: LOANS AND ADVANCES		
Unsecured considered good for recovery by the management (unless otherwise stated)		
Advances recoverable in cash or in 'kind or for value to be received		
Considered good	1972.92	213.15
Considered doubtful	43.84	42.43
Sub total	2016.76	255.58
Less : Provision for doubtful advances	43.84	42.43
Sub total	1972.92	213.15
Deposit with Excise and Customs	206.91	206.91
Other Deposits	30.72	6.59
Advance Tax (Net of Provision)	274.59	276.30
Claims Recoverable	66.79	116.52
Cenvat/Vat/Service Tax recoverable	<u>172.69</u>	<u>111.32</u>
	2724.62	930.79

SCHEDULE 17: EXPENSES	YEAR ENDED	YEAR ENDED
	31.03.08	31.03.07
	Rs/Lakhs	Rs/Lakhs
Stores & Spares Consumed	121.16	47.66
Power & Fuel	679.41	797.02
Rent	70.51	50.43
Repairs & Maintenance		
Buildings	0.61	0.14
Plant & Machinery #	334.00	189.92
Other Maintenance	56.24	38.37
Freight #	476.75	427.02
Salaries, Wages, Bonus, etc.	452.18	333.63
Contribution to PF and other Funds	41.99	36.17
Workmen & Staff Welfare Expenses	52.54	63.28
Insurance	24.83	25.35
Rates & Taxes	88.88	86.49
Contract Conversion Charges	1211.28	956.55
Travel	78.53	62.98
Telephone	42.16	22.32
Legal and professional charges	19.28	28.42
Auditors Remuneration & Expenses		
Audit Fee	3.90	3.80
Interim audit fee	1.50	1.50
Tax Matters	1.50	1.50
Certification Work	1.73	0.93
Directors Sitting Fees	0.60	0.68
Selling Commission	2.07	8.46
Discount Stockist	34.09	168.00
Management Expenses Reimbursed to SRF	20.00	20.00
Miscellaneous Expenses (*) (**) (***)	303.94	210.68
	4119.68	3581.30
* Includes Provision for Doubtful Debts and Advances	78.41	109.32
** Includes assets/debts/stocks written off/Loss on fixed Assets	62.75	37.23
*** Includes difference in excise duty provision between opening and closing stock	7.49	(14.64)
# Includes prior period expenditure (Rs. 11.50 lacs on freight on sales & Rs. 2.54 lacs on repairs & maintenance)	14.04	-
SCHEDULE 18: INTEREST & FINANCE CHARGES		
INTEREST COST		
Term Loans & Fixed Deposit	1405.38	831.82
Cash Credit & Others	789.54	479.79
Financial Charges	271.00	329.91
	2465.92	1641.52



SCHEDULE 19: ACCOUNTING POLICIES AND NOTES TO CONSOLIDATED ACCOUNTS

A) ACCOUNTING POLICIES

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS.

The financial statements have been prepared on the historical cost convention basis. The generally accepted accounting principles and the Accounting Standards referred under section 211(3C) of the Companies Act 1956 have been adopted by the Company and disclosures made in accordance with the requirements of Schedule VI of the Companies Act 1956 and the Indian Accounting Standards.

The Consolidated financial statements have been prepared in accordance with the procedures and disclosures laid down in Accounting Standard -21, and Accounting standard -23.

2. FIXED ASSETS

Gross block of fixed assets have been stated at their original cost. Cost Includes interest on borrowings up to the date of putting the assets to use.

3. EXPENDITURE DURING CONSTRUCTION

In respect of substantial expansion of businesses at existing locations only direct costs are capitalised together with interest on the funds relatable to them upto the date of commercial production.

4. DEPRECIATION

4.1 Depreciation is provided on Fixed assets with reference to their historical cost (exclusive of cenvatable Customs/Excise duty).

4.2 Depreciation is provided on:

- a. All assets (*including plant and machinery) costing less than Rs.5,000/- for the full value thereof.
*Provided such assets are less than 10% of the aggregate value of plant and machinery in each division.
- b. Furniture & Fixtures, Office Equipments, Data Processing Equipment, and Vehicles on Straight-line method at rates based upon life determined by the management which are lower than the life determined based on the rates specified in Schedule XIV to the Companies Act, 1956.
The depreciation rates based on useful life as estimated by the management varies between 1.63 % to 31.66 %.
- c. Company's associate company SRF Ltd. (Associate) follows different policy for depreciation of following assets:-

Mobile Phone	-	1 year
Data Processing Equipment	-	3 years
Vehicles	-	4.5 years
- d. Roads, Buildings and Plant & Machinery on straight-line basis at rates based on useful life determined by management or at rates specified in Schedule XIV on the historical cost, whichever, amount of depreciation is higher.

4.3 In case where plants are inter-dependent for production of final end-product the management has identified Cash Generating Units (CGU) as a product line. Where there is no inter-dependency, individual plant is to be recognized as CGU.

Where the carrying amount of a CGU is more than the higher of its Net Realisable Value or Value in use, the loss is recognized in profit & loss account. The loss so recognized is distributed amongst the various items of assets, which in the opinion of management have impaired, in proportion to the carrying amount of the amounts concerned. Unserviceable assets on physical verification is written off/provided for.

5. AMORTISATION

No expenditure is treated as Deferred Revenue.

6. FOREIGN CURRENCY TRANSACTION: TRANSLATION AND CONVERSION

- a) Transaction in foreign currencies is recorded at the rate prevalent on the date of transactions.
- b) All Foreign Currency liabilities and monetary assets are stated at the exchange rate prevailing as at the date of Balance Sheet or at the contracted rate, and the difference taken to Profit & Loss account as Exchange Fluctuation loss or gain.
- c) The company discloses the open and hedged foreign exchange exposure as note to the accounts.

7. RESEARCH AND DEVELOPMENT

Revenue expenditure on Research & Development are included under the natural heads of expenditure. Capital expenditure on Research & Development are treated in the same manner as expenditure on other Fixed assets.

8. VALUATION OF INVENTORY

- a. Closing stock of finished goods is valued at the lower of cost or estimated realisable value. For this purpose, cost is being reckoned as full cost (exclusive of interest and administrative overheads) net of Excise Duty and includes excise duty on the finished goods where applicable.
- b. Closing stock of work-in-progress is valued at the lower of the cost or estimated realisable value; for this purpose cost does not include Excise duty.

- c. Inventory of raw material is valued at weighted average cost or net realisable value whichever is lower; cost being net of Excise duty.
Reprocessible waste, grouped under raw material, is valued at nominal rate.
- d. Inventory of Stores and spares is valued at cost, exclusive of Excise duty.
- e. In respect of slow moving inventories the diminution in value is provided and shown net of the inventory concerned.

9. INVESTMENTS

- a) Long term quoted investments are valued at cost unless there is a permanent fall in their value as at the date of Balance Sheet.
- b) Unquoted investment in subsidiaries being of long term nature are valued at cost and no loss is recognized in the fall in their net worth, if any, unless there is permanent fall in their value.

10. RETIREMENT BENEFITS

Retirement benefits have been recognized in accordance with Revised AS-15. Accordingly:-

- a. The retirement benefit for encashment of leave salary is fully provided for on actuarial basis.
- b. The liability on account of provident fund in respect of officers is met by contribution to "SRF officers provident fund trust" in which SRF Polymers Limited is a participating company and for others by contribution to respective Regional Provident Fund commissioner. Contributions for Employees Pension Scheme in respect of all employees are deposited with respective Regional Provident Fund Commissioner.
- c. The contribution to superannuation fund is accounted at specified rate and payment are made to separate trusts. Trustees administer contributions made to the Trust and contributions are invested in specific investments as permitted by law.
- d. Company provides for gratuity, a defined benefit retirement plan (the "Gratuity Plan") covering eligible employees. In accordance with the Payment of Gratuity Act, 1972, the Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation as of the balance sheet date, based upon which, the company contributes all the ascertained liabilities to the SRF Polymers Employees Gratuity Trust (the "Trust") and SRF Polymers Officers Gratuity Trust (the "Trust"). Trustees administer contributions made to the Trust and contributions are invested in specific investments as permitted by law.

11. CONTINGENT LIABILITY

Liabilities, though contingent, are provided for if there are reasonable prospects of such liabilities maturing. Other contingent liabilities, barring frivolous claims not acknowledged as debt, are disclosed by way of note.

12. REVENUE RECOGNITION

- a. Sales are inclusive of excise duty and net of trade discounts. Export sales include goods invoiced against confirmed orders and cleared from excise and customs authorities.
- b. Export entitlements under the duty entitlement pass book (DEBP) scheme are recognized in the profit and loss account when the right to receive credit as per the terms of the scheme is established in respect of the exports made. Obligation/entitlements on account of advance license scheme for imports of raw materials are accounted for at the time of purchase of raw materials.
- c. Other items of revenue are recognised in accordance with the Accounting Standard (AS-9). Accordingly, wherever there are uncertainties in the ascertainment-realisation of income such as interest from customers (including the financial condition of the person from whom the same is to be realised), the same is not accounted for.

13. TAXATION

- a. Tax provision is made, in accordance with the Income Tax Act 1961 including the provisions regarding Minimum Alternate Tax and the contentions of the Company and also the fact that certain expenditure becoming allowable on payment being made before filing of the return of income.
- b. Deferred tax assets and liabilities are accounted for on the basis of Accounting Standard AS-22. Deferred tax liabilities and assets are recognized at substantively enacted tax rates, subject to the consideration of prudence, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

14. BORROWING COST

Borrowing cost (including difference in exchange rate on the principal to the extent it represents interest cost) attributable to the acquisition or construction of qualifying assets is capitalized as a part of the cost of those assets. Other borrowing costs are recognized as an expense in the period to which they relate.

15. EARNING PER SHARE

The earnings considered in ascertaining the Company's Earnings per Share ('EPS') comprise the net profit after tax. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year. The diluted EPS is calculated on the same basis as basic EPS, after adjusting for the effects of potential dilutive equity shares.



B) NOTES

1. Basis of Preparation:

- (a) The consolidated Financial statements (CFS) are prepared in accordance with standard Accounting Standard (AS) 21 "Consolidated financial statement" and Accounting Standard (AS) 23 "Accounting for investments in Associates in Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India. The CFS comprises the financial statements of SRF Polymers Limited, its subsidiary and associate.

The list of subsidiary and associates included in the consolidated financial statements are as under:

Name of the subsidiary	Country of Incorporation	Proportion of ownership as at March 31, 2008	Proportion of ownership as at March 31, 2007
Name of the subsidiary SRF Polymers Investments Limited	India	100.00%	100.00%
Name of the associate SRF Limited *	India	40.53%	39.65%

* Became an associate on 16.09.04

- The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses in accordance with Accounting Standard (AS) 21 - "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
- The Company accounts for its share in the change in the net assets of the associates, post acquisition, after eliminating unrealized profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its profit and loss account to the extent such change is attributable to the associate profit and loss account and through its reserves for the balance, based on available information.
- The difference between the cost of investment in the associates and the share of net assets at the time of acquisition of shares in the associates is identified in the financial statements as Goodwill or Capital Reserve as the case may be and included in the cost of investment in the associate.
- As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements, subject to difference in depreciation policy as stated in 4(ii)(c) of the accounting policies.

2. Details for Securities for Loans:

The borrowings of the company are secured against the assets of the company as indicated below:

Sl No	Loan	Outstanding Amount(Rs lakhs)	Security
Long Term from Banks			
1	Term Loan –State Bank of Patiala	5210.00	These term loans are secured by :- a) First pari-passu charge on the movable properties both present and future of the company situated at Manali in the State of Tamil Nadu and Pantnagar in the State of Uttarakhand subject to charges created on certain specified movable assets for the working capital facilities mentioned below. b) First pari-passu charge on the immoveable properties of SRF Polymers Ltd. situated at Manali in the State of Tamil Nadu and Pantnagar in the State of Uttarakhand
Long Term from Others			
1	i. Infrastructure Leasing & Financial Services Ltd. ii. IL&FS Financial Services Ltd.	1500.00 1500.00	a) Pledge of 6,335,795 fully paid up equity shares of Rs.10 each of SRF Ltd. held by M/s SRF Polymers Ltd., holding company; b) Pledge of 500,000 fully paid up equity shares of Rs.10 each of SRF Ltd. held by the company; and c) Corporate Guarantee executed by M/s SRF Polymers Ltd., holding company.

Sl No	Loan	Outstanding Amount(Rs lakhs)	Security
2	Standard Chartered Investments & Loans (India) Ltd.	800.00	a) Pledge of 3,400,000 fully paid up equity shares of Rs.10 each of SRF Ltd. held by the company. b) Corporate Guarantee executed by M/s SRF Polymers Ltd., holding company.
3	Citicorp Finance (India) Ltd.	2600.00	a) Pledge of 3,000,000 fully paid up equity shares of Rs.10 each of SRF Ltd. held by the company. b) Cash Margin in the form of Fixed Deposit of Rs 8 crores (Rupees eight crores only) with Citibank N.A. with lien marked in favour of Citicorp Finance (India) Ltd.; and c) Corporate Guarantee executed by M/s SRF Polymers Ltd., holding company.
4	Cholamandalam DBS Finance Ltd.	2000.00	a) Pledge of 4,000,000 fully paid up equity shares of Rs.10 each of SRF Ltd. held by the company; and d) Corporate Guarantee executed by M/s SRF Polymers Ltd., holding company.
5	Cholamandalam DBS Finance Ltd.	1250.00	a) Pledge of 2,550,000 fully paid up equity shares of Rs.10 each of SRF Ltd. held by M/s SRF Polymers Ltd., holding company; b) Second charge by way of an equitable mortgage on the immovable property of the company situated at Gurgaon, Haryana; c) Pledge of 300,000 fully paid up equity shares of Rs.10 each of SRF Ltd. held by the company; and d) Corporate Guarantee executed by M/s SRF Polymers Ltd., holding company.
	Total	9650.00	
Short term from Banks			
1	Citibank N.A.	2825.00	Secured by :-
			a) First charge by way of an equitable mortgage by deposit of title deeds of the immovable property of the company situated at Gurgaon, Haryana; and b) Corporate Guarantee executed by M/s SRF Polymers Ltd., holding company.
2	Cash Credit, Working Capital demand loans – State Bank of Patiala	1915.73	a) First charge on the stocks, stores and book debts, both present and future of the company situated at Manali in the state of Tamil Nadu and Pantnagar in the State of Uttarakhand. b) Second and sub-servient charge on the immoveable properties of SRF Polymers Ltd. situated at Manali in the State of Tamil Nadu and Pantnagar in the State of Uttarakhand.
	Total	4740.73	
Short term from Others			
1	Kotak Mahindra Prime Ltd.	1496.00	Secured by :- a) Pledge of 1,000,000 fully paid up equity shares of Rs.10 each of SRF Ltd. held by M/s SRF Polymers Ltd., holding company; b) Pledge of 2,150,000 fully paid up equity shares of Rs.10 each of SRF Ltd. held by the company; and c) Corporate Guarantee executed by M/s SRF Polymers Ltd., holding company.
2	SRF Employees Welfare Co. Ltd.	1040.00	Pledge of 330,000 fully paid up equity shares of Rs.10 each of SRF Ltd. held by the SRF Polymers Ltd. However there is a shortfall in the security margin of amounting to Rs. 818.46 lacs due to decrease in the share price of SRF Limited shares quoted as at 31 st March 08.
	Total	2536.00	



Out of above long term loans, a sum of Rs. 4690 lakhs (previous year Rs 5137.55 lakhs) would become due for repayment within a year.

3. Capital Commitments

The estimated amount of contracts remaining to be executed on capital account and not provided for amounts to Rs. 44.23 lakhs. (Previous Year Rs. 260.13 lakhs).

SRF Polymers Share of capital commitment of SRF Limited Rs. 1536.66 Lakhs (Previous Year Rs- 314.27 Lakhs).

SRF Polymers Investments Ltd. has commitment for capital investment in its proposed subsidiaries amounting to Rs. 5 lacs.

Further SRF polymers share of capital commitment of SRF Ltd. up to 2.65 Million US Dollar due to SRF Ltd.'s investment in the joint venture JINGDE YANGTZE -GANGA FLUORINE CHEMICAL CO LTD.

4. Fixed Assets

- i) The company inter alia owns undivided interest to the extent of 74.67% in 1.29 acres of land along with a proportionate but, demarcated built up area thereon, at Manali Industrial Area, Manali, Chennai - 600 068 pursuant to a Scheme of Amalgamation Arrangement and Reconstruction sanctioned by the Hon'ble High Courts of Delhi and Madras. An Agreement of Mutual Covenants between SRF Limited and the Company was executed on 8th September 2006 to record the vesting of title under the court scheme. This ownership in land is yet to be mutated in the name of the Company.
- ii) During the year Company's Associate company SRF Ltd. revised the depreciation rates of the following assets as under:-

Item	Old Rate	New Rate
Mobile Phone	6.33%	100%
Data Processing Equipment	16.21%	31.67%
Vehicles	9.5%	20%

The impact of the above changes in the lives is that depreciation is higher by Rs. 485.00 lacs.

5. Security Deposit

Security deposit includes Rs 210 lakhs of interest free deposit from SRF Limited for leasing of office premises. (Previous Year Rs. 210 lakhs)

6. Reserve and Surplus

The Company is entitled for capital investment subsidy of Rs. 30 lakhs as per the Industrial policy (2003) of Uttaranchal Government for setting up the plant in the IIE Pantnagar, District - Udham Singh Nagar, State - Uttaranchal. The Company is yet to file the application for availing this benefit.

7. Loans and Advances

- a) The Loans and advances of Rs 2649.98 lacs pertaining to the holding company under this head include certain advances for purchase of material and liabilities created for some of such advances. These are pending matching, reconciliation and confirmation and the parities concerned.
- b) Rs. 9.16 Lakhs as interest free security deposit for accommodation, for various offices and officers, taken on lease. (Previous year Rs. 15.25 Lakhs)

8. Contingent Liabilities

- i.) Claims against The Company not acknowledged as debts on account of:

	31-03-08	31-03-07
Excise duty	41.79	119.17
Custom Duty*	176.11	141.60
Sales Tax**	40.02	—
Income Tax	52.55	18.55
Total	310.47	279.32

* Amount Deposited Rs. 96.06 Lakhs (Previous Year Rs. 96.06 Lakhs)

** Amount Deposited Rs. 1.72 Lakhs (Previous Year Rs. Nil)

The Company has been advised that its contentions in the matter of disputed demands are legally tenable and hence the possibility of these maturing is remote.

- ii) The Company has been served with show cause notices regarding certain transactions as to why additional excise duty amounting to Rs. 496.28 Lakhs (Previous year Rs. 22.62 lakhs) should not be levied. The Company has been advised that the contention of the department is not tenable and hence the show cause notice may not be sustainable.
- iii) SRF Limited has been served with show cause notices regarding certain transactions as to why additional customs/excise duty amounting to Rs. 19.62 Lakhs (Previous year Rs. 63.45 lakhs) should not be levied. The Company has been advised that the contention of the department is not tenable and hence the show cause notice may not be sustainable. Share of company in show cause notices – Rs. 7.96 lakhs (Previous Year Rs 25.16 lakhs).
- iii) Liability on account of bills discounted Rs. 345.38 lakhs (previous year Rs 938.78 Lakhs)
- iv) The Company has given a surety of Rs. 5 lakhs (Previous year 5.00 lakhs) on behalf of SRF Ltd. to Delhi Sales tax authorities.

SRF Polymers Share of Contingent liabilities of SRF Limited:

Share in the contingent liabilities on account of claims- Rs. 2847.23 lakhs (Previous Year Rs. 2843.24 lakhs)

9. Statement of investments (non trade unless otherwise stated)

Name of the security – Company	No of shares	Nominal Value per unitRs/share	As at31-03-08 Rs in Lakh	As at 31-03-07 Rs in Lakh
Long Term				
Investment in Associates				
Quoted equity shares of SRF Limited*	27511962 (26911962)	Rs. 10 fully paid	33680.88	28981.13
* Net of Capital Reserve of Rs 3620.92 Lakhs (Previous Year 3522.29 Lakhs) and Dividend received Rs. 1363.60 lacs (Rs. 1782.59 lacs).				
Total			33680.88	28981.13

*Aggregate market value of quoted Investment

27704.55

32630.75

@ Out of the above 2,32,35,795 (Previous Year 1,35,36,795) shares & 3,30,000 (Previous Year 5,19,000) are pledged for loans taken by Company & its subsidiary & SRF Employees Welfare Co. Ltd. respectively

33,75,000 equity shares of Rs 10 each in SRF Limited held by the company were under lock-in-period as on 31st March 2008. These shares have been released from lock-in on 21st April 2008.

10. Repairs & Maintenance

Repairs and Maintenance to Plant & Machinery and Buildings include stores and spares consumed of Rs. 292.50 Lakhs & Rs. 0.62 Lakhs respectively (Previous year Rs. 97.53 lakhs and Rs. 0.14 lakhs respectively).

11. Provision for Taxation

The details of Net deferred tax asset of Rs 888.95 lakhs (previous year Rs 350.78 lakhs) are as under:

Particulars	31-03-2008	31-03-2007
Deferred tax liability on account of:		
Difference between book and tax depreciation	423.29	172.43
Total	423.29	172.43
Deferred tax assets on account :		
Provision for doubtful debts	107.05	82.49
Claim allowable under section 43 B	11.20	276.69
Unabsorbed losses	1118.72	109.22
Loss from House Property	58.75	30.03
Interest for the Pre-Occupation Period	16.52	24.77
Total	1312.24	523.21
Net deferred tax liability/(asset)	(888.95)	(350.78)

12. Related Party Transactions

As per AS –18 issued by the Institute of Chartered Accountants of India, the Company's related parties and transactions with them are disclosed as under:

Key Management Personnel (a)	Associate (b)	By virtue of Control (c)
Shri Rajat Lakhanpal,* Whole Time Director	SRF Ltd	Bhairav Farms Pvt. Ltd.

* Appointed w.e.f 01.02.2005

(Rs. in Lakhs)

Nature of Transaction	(a)		(b)		(c)	
	31-03-08	31-03-07	31-03-08	31-03-07	31-03-08	31-03-07
Rental Paid	—	—	6.28	4.39	—	—
Rental Received	—	—	213.00	213.00	—	—
Purchase of goods & Payment for Services	—	—	1862.49	1868.16	—	—
Receiving of Services	—	—	8.83	17.35	—	—
ICD received	—	—	—	—	—	50.00
ICD repaid	—	—	—	—	—	50.00
Sale of Fixed Assets	—	—	6.66	56.30	—	—
Investment in equity	—	—	705.21	2868.75	—	—
Loans/Advances	—	—	—	—	—	—
Interest paid on ICD/Loans	—	—	10.12	25.71	—	0.56
Management expenses	—	—	20.00	20.00	—	—
Reimbursement of expenses	—	—	46.92	68.90	—	—
Remuneration	6.19	4.90	—	—	—	—
Year end receivable/ (payable)	—	—	(128.29)	(371.18)	—	—

13. Earning Per Equity Share

Annualised earnings per equity share have been calculated based on the profit available for appropriation of Rs 2406.32 lakhs (Previous Year Rs. 9708.06 lakhs) and the average number of equity shares of 6452615 (Previous Year 6452615).

Basic and diluted earning per share for the year is Rs. 37.29 (Previous Year Rs 150.45)

14. Segment Reporting

The segments of the company have been identified in line with the Accounting Standard on segment reporting (AS-17) taking into account the organization structure as well as the differential risks and returns of these segments.

The company's reportable operating segments consist of the following three business groups:

- Fishnet Twine
- Engineering Plastics

Segment revenue, Results and Capital Employed includes the respective amounts identifiable to each of the segments. Other unallocable expenditure includes expenses incurred on common services provided to the segments, which are not directly identifiable. Unallocated corporate assets mainly relate to investments.

The company has no operations outside India and hence secondary segment namely geographical segment is not applicable.

Segment Revenue, Results and Capital Employed for the year ended 31st March 2008

Particulars	Amount (Rs. Lakhs)	
	31-03-08	31-03-07
Segment Revenue		
a) Fishnet Twine	7926	7244
b) Engineering Plastics	8773	8476
Total Segment revenue	16699	15720
Less: Inter Segment revenue	381	58
Net Sales - Income from Operations	16318	15662
Segment Results		
(Profit - (Loss) before interest and tax from each segment)		
a) Fishnet Twine	(725)	256
b) Engineering Plastics	(379)	438
Total Segment results	(1104)	694
Less: i) Interest	2415	1621
Add: ii) Other Unallocable income net of unallocable expense	58	72
Profit before tax and extraordinary items	(3461)	(855)
Share in Profit of SRF Ltd (Associate company)	5358	10559
Total Profit before Tax (After share in Profit of Associate)	1897	9704
Capital Employed (Segment assets less segment liabilities)		
a) Fishnet Twine	369	2329
b) Engineering Plastics	10433	7719
Total Capital employed in segments	10802	10048
Add : Unallocable corporate assets less liabilities	36507	32189
Total capital employed in the company	47309	42237

15. Employee Benefits

Gratuity - In accordance with applicable laws, the Company provides for gratuity, a defined benefit retirement plan (Gratuity Plan) covering all staff, workers and officers. The Gratuity Plan provides for, at retirement or termination of employment, an amount based on the respective employee's last drawn salary and the years of employment with the Company. The Company provides the gratuity benefit through annual contributions to a Gratuity trust which in turn mainly contributes to HDFC Standard Life Insurance Company Limited for this purpose. Under this plan the settlement obligation remains with the Gratuity trust. HDFC Standard Life Insurance Company Limited administers the plan and determines the contribution premium required to be paid by the trust. The Company has also obtained an independent actuarial valuation of the Trust's assets and liabilities, and accordingly, the difference has been provided for by the Company.

The gratuity liability is been paid by the company in the case of employees, who left during the current period.

Change in the benefit obligation	Amt. (Rs. Lacs)
Projected Benefit Obligation (PBO) at the beginning of the year (01-04-2007)	74.40
Service cost	5.06
Interest cost	5.95
Benefits paid	(21.35)
Actuarial loss/(gain)	9.52
PBO at the end of the year (31-03-08)	73.58
Change in plan assets	
Fair value of plan assets at the beginning of the year	78.20
Estimated return on plan assets	6.42
Employer contributions	30.10
Benefits paid	—
Actuarial loss/(gain)	2.58
Plan assets at the end of the year	117.30

Assumptions

Discount rate	8%
Rate of increase in compensation levels	7%
Rate of return on plan assets	8%

The Company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards.

Leave encashment Liability: Defined Benefit Plan which is unfunded

A provision of Rs. 2.60 lacs has been created towards Leave salary provision by charge to current year's profit included under Salaries.

Superannuation - Defined Contribution Plan where contributions are made to a Trust which in turn contributes to ICICI Prudential Life Insurance Co. Ltd.

Apart from being covered under the Gratuity Plan described above, the employees of the Company also participate in a defined contribution Superannuation plan maintained by the Company. The Company has no further obligations under the plan except making annual contributions based on a specified percentage of each covered employee's salary. From 1st November, 2006, the Company provided an option to the employees to receive the said benefit as cash compensation along with salary in lieu of the superannuation benefit, Thus, no contribution is required to be made for the category of employees who opted to receive the benefit in cash.

Provident Fund - Defined Contribution Plan

In addition to the above benefits, all employees are entitled to Provident Fund benefits as per the law. For certain category of employees the Company administers the benefits through a recognized Provident und trust. For other employees contributions are made to the regional Provident Fund Commissioners as per law. The Government mandates the annual yield to be provided to the employees on their corpus. For the first category of employees (covered by the Trust), the Company has an obligation to make good the shortfall, if any, between the yield on the investments of the trust and the yield mandated by the Government

16. Previous Year figures have been regrouped, reworked and rearranged wherever necessary.

As per our report of even date

For THAKUR, VAIDYANATH AIYAR & CO.,

Chartered Accountants

V. Rajaraman
Partner
Membership No. 2705

Rajat Lakhanpal
Whole Time Director &
Company Secretary

Mukul Khandelwal
Director

Arun Bharat Ram
Chairman

Gurgaon
Date: 4th June, 2008



CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31,2008

	31.03.08	(Rs. Lakhs) 31.03.07
A CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before tax and extra-ordinary items	(3460.80)	(854.65)
Adjustments for		
Depreciation	514.11	257.36
Interest Paid (Net)	2414.68	1621.35
Exchange Fluctuation	(59.94)	(3.89)
Income from Dividend on Shares	(4.00)	(8.45)
Provsion for Doubtful Debts/Advances(Net of written off)	78.41	109.32
Inventory Written Off	22.62	37.23
(Profit)/Loss on sale of Fixed Assets	0.09	(39.78)
Operating Profit before working capital changes	(494.83)	1118.49
Adjustments for		
Trade and Other Receivables	(995.80)	273.81
Inventories	744.04	(624.52)
Trade Payables and Provisions	1225.97	(1528.49)
Cash Generated from operations	479.39	(760.72)
Interest Paid (Net)	(2414.68)	(1621.35)
Exchange Fluctuation	59.94	3.89
Taxation	(29.16)	(29.81)
Net Cash from operating activities (A)	(1904.52)	(2407.97)
B CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(2347.86)	(4764.32)
Sale of Fixed Assets	11.21	57.55
Purchase of Investments	(705.23)	(2581.88)
Income from Dividend on Shares	4.00	8.45
Income from Dividend on Shares from SRF Ltd.(Associate Company)	1363.60	1782.59
Net Cash used in Investing Activities (B)	(1674.28)	(5497.61)
C CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds (Repayment) of long term borrowings	1721.45	4193.82
Proceeds (Repayment) of Short term borrowings	2189.21	2911.92
Proceeds from unsecured loans	(706.91)	2148.50
Dividends on Equity Share Capital	(32.46)	(32.26)
Dividend Tax	(5.48)	(4.52)
Net cash used in/ from financing activities (C)	3165.81	9217.46
Net increase in Cash and Cash Equivalents D=(A+B+C)	(412.99)	1311.88
Cash & Cash equivalents at the beginning of the year (E)	1705.37	393.48
Cash & Cash equivalents at the close of the year F =(D+E)	1292.38	1705.37

Rajat Lakhanpal
Whole time Director
& Company Secretary

Mukul Khandelwal
Director

Arun Bharat Ram
Chairman

We have certified the above cash flow statement of SRF Polymers Limited derived from the audited financial statements for the year ended March 31,2008 and other records and found the same to be drawn in accordance there with and also with the requirements of clause 32 of the listing agreements with the Stock Exchanges

Gurgaon
Date : 4th June 2008

For THAKUR VAIDYANATH AIYAR & CO
Chartered Accountants
V.RAJARAMAN
Partner
M.NO-2705



SRF POLYMERS INVESTMENTS LTD.

DIRECTORS' REPORT

Your Directors present herewith their Twenty Fourth Report together with the audited Accounts for the year ended 31st March 2008.

FINANCIAL RESULTS

There has been a loss after tax of Rs. 1,88,86,801 during the year. The net profit after adjusting this loss against the profit of Rs. 2,77,68,577 brought forward from the previous years comes to Rs. 88,81,776 which has been carried to the Balance Sheet.

DIVIDEND

In view of the loss, no dividend on equity shares is being recommended.

AUDITORS

M/s Thakur, Vaidyanath Aiyar & co., auditors of the company, retire at the conclusion of the ensuing annual general meeting and being eligible offer themselves for re-appointment.

DIRECTORS

Shri Arun Bharat Ram and Shri R.M.Rajgopal retire at the conclusion of the ensuing annual general meeting and being eligible offer themselves for re-appointment.

Ms. Ekta Maheshwari has been co-opted as additional director w.e.f 01.03.08. It is proposed to appoint her as regular director in the ensuing Annual General Meeting.

Subject to approval of members in Annual General Meeting , Ms. Ekta Maheshwari has been appointed as Whole-Time Director and Company Secretary w.e.f. 01.03.2008 . A suitable resolution has been included in the Notice of the forthcoming annual general meeting.

AUDIT COMMITTEE

An audit Committee has been constituted by the Board as per the requirements of the Companies Act,1956. The Audit Committee consists of Shri R.M. Rajgopal, Shri K. Ravichandra and Shri Rajat Lakhanpal. Shri K. Ravichandra has been elected as the Chairman by the Audit Committee.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements of Section 217(2AA) of the Companies Act, 1956 your Directors hereby confirm that:-

1. In preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
2. The Directors had 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 income and expenditure of the Company for the period under review.
3. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
4. The Directors had prepared the annual accounts for the year ended 31.3.2008 on a going concern basis.

PARTICULARS OF CERTAIN EMPLOYEES

No employee of the company is drawing remuneration exceeding the limits prescribed under Section 217(2A) of the Companies Act, 1956.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

The provisions of section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 are not applicable.

SUBSIDIARY COMPANIES

During the year, your Company has divested its holding in SRF Infrastructure Ltd. Ennore Energy Ltd. has not commenced any business during the year.

For and on behalf of the board of directors

Place: Gurgaon
Date: 2nd June, 2008

Rajat Lakhanpal **Arun Bharat Ram**
Director **Director**



AUDITORS' REPORT

To the SHAREHOLDERS OF SRF POLYMERS INVESTMENTS LIMITED

We have audited the attached balance sheet of SRF POLYMERS INVESTMENTS LIMITED as at 31st March 2008 and also the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books ;
- (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (v) On the basis of written representations received from the directors, as on 31st March 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

(vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with accounting policies and notes give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. in the case of the balance sheet, of the state of affairs of the company as at 31st March 2008;
- b. in the case of the profit and loss account, of the loss for the year ended on that date.
- c. in the case of the cash flow statement, of the cash flows for the year ended on that date.

For THAKUR, VAIDYANATH AIYAR & CO.
Chartered Accountants

Place: New Delhi
Date: 02.06.2008

(V.RAJARAMAN)
Partner
Membership Number : 2705

ANNEXURE TO THE AUDITORS REPORT REFERRED TO IN MAIN REPORT

The company is an Investment company and not involved either in manufacturing or engaged in the business of chit fund, nidhi, or mutual benefit. Hence the clauses applicable to these businesses have not been considered below.

As required by the Companies (Auditors' Report) Order, 2003 we state that:

1. The company has maintained proper record showing full particulars of buildings and situation thereof.
The company has not disposed off any substantial part of its fixed assets during the year.
2. The company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act.
3. The company has not taken any loan, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act.
4. There are no other contracts or arrangements referred to in section 301 of the Act that were required to be entered in the register.
- 5 a. The company has taken loans from banks and others.
The terms and conditions on which these have been taken are not prima facie prejudicial to the interest of the company.
b. The payment of principal and interest are regular in respect of all such loans taken.

- c. In view of what is stated in (a) & (b) above, there are no overdue amounts.
6. In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the company and the nature of its business.
 7. The management is of the opinion that though the paid up capital and reserves exceeds Rs.50 lacs, the nature of the operations of the company is rent of the building owned by the company and dividend on investments made. The management feels that there is no need for a separate internal audit apart from the internal controls prevalent in the company.
 8. The company has not accepted any deposits from the public.
 9. According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including investor education and protection fund, income-tax, and any other statutory dues, applicable to it.
 10. There are no disputed amounts of income tax.
 11. The company has no accumulated losses at the end of the financial year. The company has incurred cash losses in

- the current financial year, though there were no cash losses in the immediately preceding financial year.
12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
 13. The company has not given any guarantee for loans taken by others from banks or financial institutions.
 14. The company has not issued fresh shares, hence question of either the preferential allotment and end use thereof does not arise.
 15. The company has not issued any debentures.
 16. The only investment the company has made is only in the shares of SRF Ltd for which proper records have been kept and the investments are in the name of the company only.
 17. No fraud on or by the company has been noticed or reported during the year.

**For THAKUR,VAIDYANATH AIYAR & CO.
Chartered Accountants**

Place : New Delhi
Date: 02.06.2008

**(V. RAJARAMAN)
(Partner)
Membership Number : 2705**



BALANCE SHEET AS AT 31ST MARCH 2008

Particulars

Particulars	Schedule	Amount (Rs/Lakhs)	
		As at 31.03.2008	As at 31.03.2007
Sources of Funds			
Shareholders' Fund			
Share Capital	1	4,205.00	4,205.00
Reserves & Surplus	2	88.84	277.70
Loan Funds			
Secured Loan	3	13,971.00	10,627.55
		<u>18,264.84</u>	<u>15,110.25</u>
Application of Funds			
Fixed Assets	4		
Gross Block		2,402.61	2,402.61
Less: Depreciation		94.53	55.36
Net Block		<u>2,497.14</u>	<u>2,347.25</u>
Investments	5	12,995.75	12,290.54
Deferred Tax Asset		75.27	54.81
Current Assets, Loans & Advances: -	6	3,212.59	674.21
Less: Current Liabilities & Provisions	7	326.87	256.55
Net Current Assets		<u>2,885.73</u>	<u>417.66</u>
		<u>18,264.84</u>	<u>15,110.25</u>
Significant Accounting Policies & Notes	9		
Schedule 1 to 7 and 9 form an integral part of Accounts			

As per our Report of even date

For THAKUR, VAIDYANATH AIYAR & CO.

Chartered Accountants

(V.Rajaraman)

Partner

M.No. 2705

(Ekta Maheshwari)

WHOLE TIME DIRECTOR & COMPANY SECRETARY

(Rajat Lakhnupal)

DIRECTOR

(Arun Bharat Ram)

DIRECTOR

Place: Gurgaon

Dated: 02.06.2008

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH 2008

Particulars

	Schedule	Year Ended	Amount (Rs/Lakhs)
		31.03.2008	Year Ended 31.03.2007
Income			
Rent [TDS Rs. 3.98 (Pr. Yr. Rs.27.88)]		213.00	213.00
Dividend on Investments		828.41	1,036.17
Profit on sale of Investments		0.15	-
Interest on deposit with Bank [TDS Rs.4.32 (Pr. Yr. 0.39)]		19.11	1.72
Interest on Loans given [TDS Rs.17.61 (Pr. Yr. Nil)]		78.55	-
Amount written back		-	0.20
		1,139.21	1,251.09
Expenditure			
Audit Fees		0.40	0.30
Interest & Finance Charges	8	1,303.74	881.39
Salary		0.26	-
Depreciation		39.16	39.16
Insurance Charges		0.22	-
Rates & Taxes		-	0.56
Filing Fees		0.30	0.07
Printing & Stationery		-	0.00
Professional Expenses		1.87	1.69
Miscellaneous Expenses		1.26	1.78
		1,347.20	924.95
Profit/(Loss) for the year		(207.99)	326.14
Less: Provision for			
Current Tax		0.05	-
Deferred Tax		(20.46)	7.90
Less: Prior year tax adjustments		1.28	0.13
Profit/(Loss) after Tax		(188.87)	318.11
Profit/(Loss) brought forward		277.69	(40.42)
Profit carried to Balance Sheet		88.82	277.69
Significant Accounting Policies & Notes	9		
Schedule 8 and 9 form an integral part of Accounts			

As per our Report of even date

For THAKUR, VAIDYANATH AIYAR & CO.

Chartered Accountants

(V.Rajaraman)

Partner

M.No. 2705

(Ekta Maheshwari)

WHOLE TIME DIRECTOR & COMPANY SECRETARY

(Rajat Lakhnupal)

DIRECTOR

(Arun Bharat Ram)

DIRECTOR

Place: Gurgaon

Dated: 02.06.2008



SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH 2008

Particulars	Amount (Rs/Lakhs)					
	As at 31.03.2008	As at 31.03.2007				
SCHEDULE 1 : SHARE CAPITAL						
Authorised Capital						
42,99,820 (Pr.Yr. 42,99,820) 'A' Equity Shares of Rs.100 each	4,299.82	4,299.82				
30 (Pr. Yr. 30) 'B' Equity Shares of Rs.100 each	0.03	0.03				
50 (Pr. Yr. 50) 6% Redeemable Preference Shares of Rs.100 each	0.05	0.05				
100 (Pr. Yr. 100) 4% Redeemable Preference Shares of Rs.100 each	0.10	0.10				
	<u>4,300.00</u>	<u>4,300.00</u>				
Issued, Subscribed and Paid-up Capital						
42,05,002 (Pr.Yr. 42,05,002) 'A' Equity Shares of Rs.100 each	4,205.00	4,205.00				
held by SRF Polymers Limited, the holding Company and its nominees	<u>4,205.00</u>	<u>4,205.00</u>				
SCHEDULE 2 : RESERVES & SURPLUS						
Capital Redemption Reserve Account	0.02	0.02				
Profit & Loss Account	88.82	277.69				
	<u>88.84</u>	<u>277.71</u>				
SCHEDULE 3 : SECURED LOAN						
Short Term Loan from Banks	2,825.00	300.00				
Short Term Loan from other than Banks	1,496.00	1,680.00				
Long Term Loan from other than Banks	9,650.00	8,647.55				
	<u>13,971.00</u>	<u>10,627.55</u>				
SCHEDULE 4 : FIXED ASSETS						
		Amount in Rupees				
Particulars	Gross Block		Depreciation	Net Block		
	As on 01.04.2007	Additions/ As on 31.03.2008		upto 31.03.2007	upto 31.03.2008	As on 31.03.2007
Building	2,402.61	-	55.36	39.16	2,347.25	2,308.08
Total	2,402.61	-	55.36	39.16	2,347.25	2,308.08
Prev. yr.	2,402.61	-	16.20	39.16	2,386.4	2,347.25
SCHEDULE 5 : INVESTMENTS (LONG TERM AT COST)						
Non-trade Investments						
Quoted						
16,728,076 (16,128,076) Equity Shares of Rs.10 each fully paid up in SRF Ltd.			12,995.75		12,290.54	
Market value of quoted investments Rs.16,845.17 lakhs (19,555.29 lakhs)			<u>12,995.75</u>		<u>12,290.54</u>	
SCHEDULE 6 : CURRENT ASSETS, LOANS & ADVANCES						
Cash and Bank balances						
Cash in hand		0.00			0.10	
Cheques in hand		35.84			0.01	
Balance in Current Accounts with Scheduled Banks		131.57			122.91	
Fixed Deposit towards Margin Money with Scheduled Bank		800.00			501.24	
Interest accrued but not due on above		0.54			0.10	
		<u>967.95</u>			<u>624.36</u>	
Loans & Advances						
Loan to SRF Polymers Limited-Holding Company		2,170.00			-	
Advances Recoverable		0.29			0.48	
Prepaid Expenses		0.40			-	
Income-tax recoverable (net of provisions)		73.95			49.37	
		<u>2,244.64</u>			<u>49.85</u>	
		<u>3,212.59</u>			<u>674.21</u>	
SCHEDULE 7 : CURRENT LIABILITIES						
Security Deposit		210.00			210.00	
TDS Payable		11.13			22.94	
Other Liabilities		0.61			0.69	
Interest accrued but not due on secured loans		105.12			22.92	
		<u>326.87</u>			<u>256.55</u>	

SCHEDULE 8 : INTEREST & FINANCE CHARGES

Interest on		
Short Term Loan from Banks	291.47	84.28
Short Term Loan from other than Banks	111.47	0.60
Long Term Loan from other than Banks	859.52	781.96
Upfront fee on		
Short Term Loan from Banks	-	14.50
Short Term Loan from other than Banks	3.24	-
Long Term Loan from other than Banks	38.00	-
Bank Charges	0.04	0.05
	1,303.74	881.39

SCHEDULE 9 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS
Accounting Policies

- All items of revenue, whether expenditure or income are accounted for on accrual basis. Income being recognized on the basis of Accounting Standards (AS-9) issued by the Institute of Chartered Accountants of India.
- Fixed assets are shown at cost. All expenses including interest incurred upto the date of completion/possession are capitalized.
- Depreciation has been provided on fixed assets with reference to their historical cost @ 1.63% on Straight-line method.
- Long term quoted investments are valued at cost unless there is a permanent fall in their value as at the date of Balance Sheet.
- Deferred tax has been accounted in accordance with AS-22 issued by the Institute of Chartered Accountants of India.

Notes forming part of the Accounts
6. Details of Security

The borrowings of the company are secured as indicated below:

Secured Loan	Amount (Rs/Lakhs)	Security
Long Term		
(a) Infrastructure Leasing & Financial Services Ltd. (b) IL&FS Financial Services Ltd.	1,500 1,500	<ul style="list-style-type: none"> • Pledge of 6,335,795 fully paid up equity shares of Rs.10 each of SRF Ltd. held by SRF Polymers Ltd., holding company; • Pledge of 500,000 fully paid up equity shares of Rs.10 each of SRF Ltd. held by the company; and • Corporate Guarantee executed by SRF Polymers Ltd., holding company.
(b)Standard Chartered Investments & Loans (India) Ltd.	800	<ul style="list-style-type: none"> • Pledge of 3,400,000 fully paid up equity shares of Rs.10 each of SRF Ltd. held by the company. • Corporate Guarantee executed by SRF Polymers Ltd., holding company.
(c) Citicorp Finance (India) Ltd.	2,600	<ul style="list-style-type: none"> • Pledge of 3,000,000 fully paid up equity shares of Rs.10 each of SRF Ltd. held by the company. • Cash Margin in the form of Fixed Deposit of Rs 8 crores (Rupees eight crores only) with Citibank N.A. with lien marked in favour of Citicorp Finance (India) Ltd.; and • Corporate Guarantee executed by SRF Polymers Ltd., holding company.
(d) Cholamandalam DBS Finance Ltd.	2,000	<ul style="list-style-type: none"> • Pledge of 4,000,000 fully paid up equity shares of Rs.10 each of SRF Ltd. held by the company; and • Corporate Guarantee executed by SRF Polymers Ltd., holding company.
(e) Cholamandalam DBS Finance Ltd.	1,250	<ul style="list-style-type: none"> • Pledge of 2,550,000 fully paid up equity shares of Rs.10 each of SRF Ltd. held by SRF Polymers Ltd., holding company; • Second charge by way of an equitable mortgage on the immovable property of the company situated at Gurgaon, Haryana; • Pledge of 300,000 fully paid up equity shares of Rs.10 each of SRF Ltd. held by the company; and • Corporate Guarantee executed by SRF Polymers Ltd., holding company.
Total	9,650	

[out of Rs. 9,650 lakhs, an amount of Rs 800 lakhs (previous year Rs 6,047.55 lakhs) would become due for payment within a year].



Short Term Loans from Bank		
Citibank N.A.	2,825	<ul style="list-style-type: none"> • First charge by way of an equitable mortgage by deposit of title deeds of the immovable property of the company situated at Gurgaon, Haryana; and • Corporate Guarantee executed by SRF Polymers Ltd., holding company.
Total	2,825	

Short Term Loans from other than Banks		
Kotak Mahindra Prime Ltd.	1,496	<ul style="list-style-type: none"> • Pledge of 1,000,000 fully paid up equity shares of Rs.10 each of SRF Ltd. held by SRF Polymers Ltd., holding company; • Pledge of 2,150,000 fully paid up equity shares of Rs.10 each of SRF Ltd. held by the company; and • Corporate Guarantee executed by SRF Polymers Ltd., holding company.
Total	1,496	

- Security deposit of Rs.210 lakhs represents interest free deposit from SRF Ltd. for leasing of office premises.
- 33,75,000 equity shares of Rs 10 each in SRF Limited held by the company were under lock-in-period as on 31st March 2008. These shares have since been released from lock-in on 21st April 2008.
- Provision for taxation has been made in accordance with provisions of Income-tax Act, 1961. The Deferred Tax Asset is in relation to the loss suffered under the head "Income from House Property" and does not include carry forward business losses. The details of Net deferred tax asset of Rs 7,527,009 (previous year Rs. 5,481,102) are as under:

Particulars	31.03.2008	31.03.2007
Deferred tax assets on account of:		
Loss from House Property	5,875,349	3,003,612
Interest for the Pre-occupation period	1,651,660	2,477,490
Total	7,527,009	5,481,102

- Commitment for investment in the proposed subsidiary company amount to Rs 500,000/- in respect of 50,000 equity shares of Rs 10 each.

11. Related Party Transactions

As per AS-18 issued by the Institute of Chartered Accountants of India, the related parties of the Company and transactions with them are disclosed as under:

Key Management Personnel (a)	Associate (b)	By virtue of control (c)
Mrs. Ekta Maheshwari, Whole Time Director	SRF Ltd.	SRF Polymers Ltd. (holding company)

Rs/Lakhs

Nature of Transaction	(a)		(b)		(c)	
	31.03.08	31.03.07	31.03.08	31.03.07	31.03.08	31.03.07
Rent received	-	-	213.00	213.00	-	-
Investment in Equity	-	-	-	2,686.75	-	-
Loans Given	-	-	-	-	2,825	-
Refund of loans given	-	-	-	-	655	-
Interest received	-	-	-	-	78.55	-
Remuneration	0.26	-	-	-	-	-

- Previous year figures have been regrouped/rearranged wherever necessary.

ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

I. Registration details		
Registration No.		713
State Code		7
Balance Sheet date		31-03-2008
II. Capital raised during the year (Rs. 000s)		
Public issue		NIL
Rights issue		NIL
Bonus issue		NIL
Private placement		NIL
III. Position of mobilisation of and deployment of funds (Rs. 000s)		
Total liabilities		1826484
Total assets		1826484
Sources of funds		
Paid-up Capital		420500
Reserves and Surplus		8884
Secured Loans		1397100
Unsecured Loans		NIL
Application of funds		
Net fixed assets		230808
Investments		1299575
Deferred Tax Asset		7527
Net current assets		288573
Miscellaneous expenditure		NIL
Accumulated losses		NIL
IV. Performance of the company (Rs. 000s)		
Turnover		113921
Total expenditure		134720
Profit before tax		-20799
Profit after tax		-18887
Earnings per share (Rs.)		-4.49
Dividend rate (%)		NIL
V. Generic names of three principal products/services of the company		
(as per monetary terms)		
Item code no. (ITC Code)		N/A
Product description		N/A

As per our Report of even date
For THANKUR, VAIDYANATH AIYAR & CO.
Chartered Accountants

(V. Rajaraman)
Partner
M.No. 2705
Place: Gurgaon
Dated: 02.06.08

(Ekta Maheshwari)
WHOLE TIME DIRECTORS & COMPANY SECRETARY

(Rajat Lakhnawali)
DIRECTOR

(Arun Bharat Ram)
DIRECTOR



Cash Flow Statement for the year ended on 31st March 2008

		Amount (Rs/lakhs)	
		Year Ended 31.03.2008	Year Ended 31.03.2007
A	CASH FLOW FROM OPERATING ACTIVITIES:		
	Net Profit before tax and extra-ordinary items	(207.99)	326.14
	Adjustments for		
	Interest Paid (Net)	1,206.08	879.67
	Depreciation	39.16	39.16
	Profit on Sale of Investments	(0.15)	-
	Income from Dividend on Shares	(828.41)	(1,036.17)
	Operating Profit before working capital changes	20870	208.80
	Adjustment for		
	Trade and Other Receivables	(2,196.57)	(19.49)
	Trade Payables and Provisions	70.31	25.40
	Cash Generated from operations	(1,917.56)	214.71
	Interest Paid (Net)	(1,206.08)	(879.67)
	Taxation	-	-
	Net Cash from operating activities (A)	(3,123.64)	(664.96)
B	CASH FLOW FROM INVESTING ACTIVITIES:		
	Purchase of Investments	(2,364.22)	(4,190.33)
	Sale of Investments	1,659.15	1,608.45
	Income from Dividend on Shares	828.41	1,036.17
	Net Cash used in Investing Activities (B)	123.34	(1,545.71)
C	CASH FLOW FROM FINANCING ACTIVITIES		
	Proceeds of long term borrowings (net)	1,002.45	1,769.48
	Proceeds of Short term borrowings (net)	2,341.00	1,055.00
	Net Chas used in/from financing activities (C)	3,343.45	2,824.48
	Net increase in Cash and Cash Equivalents D=(A+B+C)	343.15	613.81
	Cash & Cash equivalents at the beginning of the year (E)	624.26	10.45
	Cash & Cash equivalents at the close of the year F=(D+E)	967.41	624.26

(Ekta Maheshwari)
Whole Time Director & Company Secretary

(Rajat Lakhanpal)
Director

(Arun Bharat Ram)
Director

We have certified the above cash flow statement of SRF Polymers Investments Limited derived from the audited financial statements for the year ended March 31, 2008 and other records and found the same to be drawn in accordance there with the requirements of clause 32 of the listing agreements with the Stock Exchanges.

For THAKUR VAIDYANATH AIYAR & CO
Chartered Accountants

V RAJARAMAN
Partner
M.No. 2705



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)

ADMISSION SLIP

DP Id	
Client Id	

Registered Folio No.

No. of Shares held

PARTICULARS TO BE COMPLETED BY MEMBER/PROXY

Name

Address

I/we hereby record my/our presence at the 8th Annual General Meeting of the Company held at Modi Hall, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi - 110016 on Friday, 29 August, 2008 at 11.00 A.M.

Signature of Member/Proxy

ATTENDANCE SLIPS WITHOUT THIS INFORMATION WILL NOT BE ACCEPTED

NOTES:

1. Please produce this slip duly completed at the entrance.
2. The attendance counter will open at 10.30 A.M.
3. Tea, Coffee and cold drink will be served at the meeting.
4. Change in address should be intimated promptly under signature of the member, quoting folio number.
5. Please bring your copy of annual report to the meeting.



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PROXY FORM

DP Id	
Client Id	

Registered Folio No.

No. of Shares held

I/We of being member(s) of SRF POLYMERS LIMITED, hereby appoint of or failing him/her of as my/our proxy to attend and vote for me/us on my/our behalf at the 8th Annual General Meeting of SRF POLYMERS LIMITED to be held at Modi Hall, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi - 110016 on Friday, 29 August, 2008 at 11.00 A.M. and at any adjournment thereof.

Signed this day of 2008 Signature

Affix
30 Paise
Revenue
Stamp

NOTES:

1. A proxy in order to be effective, must reach the Registered office of the Company not less than 48 hours before the scheduled time of the meeting.
2. The member himself or his constituted attorney may sign the proxy.
3. Where a proxy is appointed, the member should handover the attached Admission Slip to the proxy.
4. The Company reserves the right to ask for identification of the proxy.
5. A proxy cannot speak at the meeting or vote on a show of hands.



SRF POLYMERS LIMITED

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