

GARWARE

**Garware
Polyester Limited**

Annual Report 2008-09



BOARD OF DIRECTORS : S. B. GARWARE *Chairman & Managing Director*
: S. S. GARWARE (Mrs.)
: DILIP J. THAKKAR
: N. P. CHAPALGAONKAR
: M. GARWARE MODI (Mrs.) *Vice Chairperson & Jt. Managing Director*
: SARITA GARWARE (Ms.) *Jt. Managing Director*
: SONIA GARWARE (Ms.)
: B. MORADIAN
: M. S. ADSUL *Director – Technical*
: M. C. AGARWAL (Dr.)
: RAMESH P. MAKHIJA

**COMPANY SECRETARY &
GENERAL MANAGER** : Manoj Koul

BANKERS : Indian Overseas Bank
Dena Bank
The Federal Bank Limited
State Bank of Mysore
Bank of India
Punjab National Bank
Export – Import Bank of India

AUDITORS : Shah & Co.
Chartered Accountants

SOLICITORS & ADVOCATES : Crawford Bayley & Co.

REGISTERED OFFICE : Naigaon, Post Waluj,
Aurangabad - 431 133.

CORPORATE OFFICE : Garware House,
50-A, Swami Nityanand Marg,
Vile Parle (East), Mumbai 400 057.

WORKS : L-5 & L-6, Chikalthana Industrial Area,
Dr. Abasaheb Garware Marg, Aurangabad 431 210.

Naigaon, Post Waluj, Aurangabad 431 133.

A-1 & A-2, MIDC, Ambad, Nasik 422 010.

50-A Swami Nityanand Marg, Vile Parle (East),
Mumbai 400 057.

Plot No. 103, Masat, Silvassa 396 230.

OFFICES : 403, Madam Bhikaji Cama Bhawan,
11, Bhikaji Cama Place, New Delhi 110 066.
37/1B, Hazra Road, Kolkata 700 029.
Old No. 40, New No. 91,
Shiyali Mudali Street, Pudupet,
Chennai 600 002.

REGISTRARS & TRANSFER AGENTS : Link Intime India Private Limited.



NOTICE

NOTICE IS HEREBY GIVEN THAT the Fifty Second Annual General Meeting of the Members of **GARWARE POLYESTER LIMITED** will be held at the Registered Office of the Company on Monday, 28th December, 2009 at 11.30 a.m. at Naigaon, Post Waluj, Aurangabad 431 133 to transact the following businesses:

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at 30th September, 2009 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To declare a dividend on Preference and Equity Shares.
3. To appoint a Director in place of Mrs. Monika Garware Modi, who retires by rotation and, being eligible, offers herself for re-appointment.
4. To appoint a Director in place of Ms. Sonia Garware, who retires by rotation and, being eligible, offers herself for re-appointment.
5. To appoint a Director in place of Mr. N. P. Chapalgaonkar, who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint Messrs Shah & Co., Chartered Accountants, the retiring auditors as Auditors of the Company to hold the office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and fix their remuneration.

Special Business:

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

“RESOLVED THAT subject to the provisions of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 and other statutory approvals as may be required, consent of the Company be and it is hereby accorded to the re-appointment of Shri S. B. Garware as Managing Director of the Company for a further period of five years with effect from 1st November, 2009 and that the draft Agreement between the Company and Shri S. B. Garware, setting out the terms and conditions including remuneration placed before the meeting duly initialed by Mr. B. Moradian, Director of the Company, for the purpose of identification, be and is hereby approved.”

“RESOLVED FURTHER THAT if in any financial year during the currency of the tenure, the Company has no profits or the profits of the Company are inadequate, the Company will pay to Shri S. B. Garware the remuneration as specified in the aforesaid draft Agreement as and by way of minimum remuneration.”
8. To consider and if thought fit, to pass with or without modification(s), as a Special Resolution, the following: -

“RESOLVED THAT subject to the provisions of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 and such other statutory approvals as may be required, consent of the Company be and it is hereby accorded to the re-appointment of Mrs. Monika Garware Modi as Joint Managing Director of the Company for a term of five years with effect from 1st November, 2009 and that the draft Agreement between the Company and Mrs. Monika Garware Modi, setting out the terms and conditions including remuneration placed before the meeting duly initialed by Mr. B. Moradian, Director of the Company, for the purpose of identification, be and is hereby approved.”

“RESOLVED FURTHER THAT if in any financial year during the currency of the tenure, the Company has no profits or the profits of the Company are inadequate, the Company will pay to Mrs. Monika Garware Modi the remuneration as specified in the aforesaid draft Agreement as and by way of minimum remuneration.”
9. To consider and if thought fit, to pass with or without modification(s), as a Special Resolution, the following: -

“RESOLVED THAT subject to the provisions of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 and such other statutory approvals as may be required, consent of the Company be and it is hereby accorded to the re-appointment of Ms. Sarita Garware as Joint Managing Director of the Company for a term of five years with effect from 1st November, 2009 and that the draft agreement between the Company and Ms. Sarita Garware, setting out the terms and conditions including remuneration placed before the meeting duly initialed by Mr. B. Moradian, Director of the Company, for the purpose of identification, be and is hereby approved.”

“RESOLVED FURTHER THAT if in any financial year during the currency of the tenure, the Company has no profits or the profits of the Company are inadequate, the Company will pay to Ms. Sarita Garware the remuneration as specified in the aforesaid draft Agreement as and by way of minimum remuneration.”
10. To appoint Dr. M. C. Agarwal as a director of the Company, who was previously appointed as an additional director of the Company by the Board of Directors at their Meeting held on 29th April, 2009, pursuant to Article 121 of the Articles of Association of the Company and under Section 260 of the Companies Act, 1956 and in respect of whom notices in writing have been received by the Company from some members proposing his candidature for the office of a director and to consider and if thought fit, to pass with or without modification(s) as an ordinary resolution, the following:-

“RESOLVED THAT due notices signifying the intention of the members to propose Dr. M. C. Agarwal as a director, having been received pursuant to Section 257 of the Companies Act, 1956, Dr. M. C. Agarwal be and is hereby appointed as a director of the Company, liable to retire by rotation.”
11. To appoint Mr. Ramesh P. Makhija as a director of the Company, who was previously appointed as an additional director of the Company by the Board of Directors at their Meeting held on 12th November, 2009, pursuant to Article 121 of the Articles of Association of the Company and under Section 260 of the Companies Act, 1956 and in respect of whom notices in writing have been received by the Company from some members proposing his candidature for the office of a director and to consider and if thought fit, to pass with or without modification(s) as an ordinary resolution, the following:-

“RESOLVED THAT due notices signifying the intention of the members to propose Mr. Ramesh P. Makhija as a director, having been received pursuant to Section 257 of the Companies Act, 1956, Mr. Ramesh P. Makhija be and is hereby appointed as a director of the Company, liable to retire by rotation.”
12. To consider and if thought fit, to pass, with or without modification(s), as an ordinary resolution, the following :-

“RESOLVED THAT Messrs Bhandari Dastur Gupta & Associates, Chartered Accountants, be and are hereby appointed as the Joint Auditors of the Company together with Messrs Shah & Co., Chartered Accountants, the retiring Auditors of the Company from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting at such remuneration as may be mutually agreed upon between the said Messrs Bhandari Dastur Gupta & Associates and the Board of Directors of the Company.”
13. To consider and if thought fit, to pass, with or without modification(s), as an ordinary resolution, the following :-

“RESOLVED THAT pursuant to the provisions of Section 293(1)(e) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as “the Board”) of the Company to contribute, from time to time,

to charitable and other funds not relating to the business of the Company or the welfare of the employee, any amount, the aggregate of which will not in any financial year exceed Rs. 1,50,00,000/- (Rupees One Crore Fifty Lakhs) or 5% of the Company's average net profits, as determined in accordance with the provisions of Section 349 and 350 of the Companies Act, 1956 during the three financial years immediately preceding, whichever is higher, notwithstanding that the aggregate of such contributions may be in excess of the limits laid down in the said Section 293(1)(e) of the Companies Act, 1956."

Mumbai, 12th November, 2009

By Order of the Board of Directors

Registered Office:

Naigaon, Post Waluj,
AURANGABAD - 431 133.

Manoj Koul
Company Secretary &
General Manager

NOTES:

- 1 A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND TO VOTE ONLY ON A POLL INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- 2 The instrument appointing proxy should be deposited at the Registered Office of the Company not less than forty-eight hours before the time fixed for the Meeting.
- 3 Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to item no. 7 to 13 of the Notice is annexed hereto.
- 4 Members desiring any information on the business to be transacted at the Meeting are requested to write to the Company at least 10 days in advance to enable the Management to keep the information, as far as possible, ready at the Meeting.
- 5 The Register of Members and the Share Transfer Books of the Company will remain closed from 18th December, 2009 to 28th December, 2009 (both days inclusive).
- 6 The Dividend as recommended by the Directors, if declared at the Annual General Meeting, will be paid to those members whose names appear in the Register of Members of the Company on 28th December, 2009, in respect of shares held in physical form and in respect of shares held in the electronic form, to those 'Deemed Members' whose names appear in the statement of Beneficial Ownership furnished by the National Securities Depository Services Ltd. (NSDL) and the Central Depository Services (India) Ltd. (CDSL) at the end of business hours on 17th December, 2009.
- 7 Members are requested to notify immediately any change in their addresses directly to their Depository Participant in case they hold shares in dematerialised form or to the Company's Registrars & Transfer Agents, in case they hold shares in physical form.
- 8 Pursuant to the provisions of Sections 205A and 205C of the Companies Act, 1956, the dividend which remains unclaimed / unpaid for a period of seven years from the date of transfer to the respective unpaid dividend accounts, is required to be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government.
- 9 Unclaimed dividend for the Financial Years 2003-04 and 2004-05 is still lying in the respective unpaid dividend accounts of the Company. Members who have not encashed the dividend warrants for the said Financial Years, are requested to contact the Company's Registrar and Share Transfer Agent, Link Intime India Private Limited.
- 10 Unclaimed dividend for the Financial Year 2003-04 is due for transfer to the IEPF in the year 2011. Kindly note the no claims shall lie against the Company or the IEPF after such transfer.
- 11 Members holding shares in physical form are requested to forward all applications for transfer and all other shares related correspondence, including intimation for change of address, if any, to the Registrar and Share Transfer Agents of the Company at the following address:
LINK INTIME INDIA PRIVATE LIMITED
(Unit: Garware Polyester Limited) C-13, Pannalal Silk Mill Compound, L.B.S. Marg, Bhandup (West), Mumbai - 400 078.
Tel. No. 022-2594 6970, Fax : 022-2594 6969
- 12 In terms of the Regulations of NSDL & CDSL, the Bank Account details of Beneficial Owners of Shares in demat form will be printed on the dividend warrants as furnished by the Depository Participants (DP). The Company will not entertain any request for change of bank details printed on their dividend warrants. In case of any changes in your bank please inform your DP immediately.
- 13 To prevent fraudulent encashment of dividend warrants, members are requested to provide their Bank Account Detail(s) (if not provided earlier) to the Company (if shares held in physical form) or to DP (if shares held in demat form), as the case may be, for printing of the same on their dividend warrants.

**ANNEXURE TO THE NOTICE
EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**

Item No.7:

At the Annual General Meeting held on 29th September, 2005 Shri S. B. Garware was re-appointed as Managing Director of the Company by Members for a term of five years with effect from 1st November, 2004. On account of overall increase in the volume of business of the Company, the duties and responsibilities of Shri S. B. Garware, Chairman & Managing Director of the Company, have substantially increased.

The Remuneration Committee of the Company's Board of Directors reviewed the remuneration package of Shri S. B. Garware, with a view to align such package with the practices prevailing in the corporate world and came to a conclusion that a revision was called for. The Remuneration Committee decided to revise the remuneration payable to Shri S. B. Garware keeping in mind the additional responsibilities shouldered by him.

The Board of Directors has, at its meeting held on 12th November, 2009, approved the revised terms of remuneration payable to Shri S. B. Garware,

so as to be commensurate with his duties and responsibilities, subject to necessary approvals.

The draft Agreement between the Company and Shri S. B. Garware contains, *inter-alia*, the following terms and conditions: -

- a) Monthly Compensation: Rs. 12 Lakhs (With an annual increase of 10% per annum with effect from 01.11.2010 till the expiry of the term.)
- b) Commission: Shri S. B. Garware will be paid commission, equivalent to the annual salary, in addition to salary and perquisites, based on the net profits of the Company in a particular year in accordance with the provisions of Sections 198 and 309 of the Companies Act, 1956.
- c) Perquisites: I) Shri S. B. Garware will be entitled to furnished housing accommodation, gas, electricity, water and furnishings and other perquisites such as reimbursement of medical expenses incurred for self and family, leave travel concession for self and family once in a

year, club fees, personal accident insurance, provision of a car with driver, telephone at residence etc. The monetary value of the perquisites will be calculated in accordance with the Income Tax Rules. The aggregate value of the above perquisites shall be restricted to a maximum of 35% of monthly compensation.

II) Encashment of leave at the end of his tenure.

- d) Special allowances: Rs. 3.50 Lakhs per month.
- e) Shri S. B. Garware will be entitled to leave on full remuneration as per the rules of the Company but not exceeding one month's leave for every 11 months of service.
- f) Shri S. B. Garware will also be entitled to reimbursement of entertainment expenses actually incurred by him in the course of business of the Company.
- g) Shri S. B. Garware will also be entitled to receive from the Company traveling, hotel and other expenses incurred by him in performance of his duties on behalf of the Company.
- h) Shri S. B. Garware will not, so long as he functions as such, become interested or otherwise concerned directly or indirectly in any selling agency of the Company in future without the prior approval of the Central Government.

The remuneration payable to Shri S. B. Garware as Managing Director has been approved by the Remuneration Committee of the Board of Directors at its meeting held on 12th November, 2009.

The draft Agreement and the Resolution of the Annual General Meeting referred to in the Resolution under Item No. 7 of the accompanying notice will be open for inspection by the Members at the Registered Office of the Company on any working day between 11:00 a.m. and 01:00 p.m., prior to the date of the meeting.

Shri S. B. Garware is concerned or interested in the resolution under Item No.7 of the accompanying notice. Mrs. S. S. Garware, Mrs. Monika Garware Modi, Ms. Sarita Garware and Ms. Sonia Garware Directors of the Company, being related to Shri S. B. Garware, may be deemed to be concerned or interested in the resolution. Save as aforesaid, none of the other Directors of the Company is, in any way, concerned or interested in the resolution.

This may also be treated as an abstract of the draft Agreement and the Memorandum of Interest of Directors therein pursuant to the provisions of Section 302 of the Companies Act, 1956.

Your Directors recommend this resolution.

Item No. 8

Mrs. Monika Garware Modi was appointed as Joint Managing Director of the Company by the members at the Annual General Meeting (AGM) held on 29th September, 2005 for a period of five years with effect from 1st November, 2004, and the terms of her remuneration were approved by the members at the AGM held on 29th September, 2005. On account of overall increase in the volume of business of the Company, the duties and responsibilities of Shri S. B. Garware, the Chairman & Managing Director of the Company, has increased manifold over the years. In order to enable Shri S. B. Garware to concentrate on policy matters of the Company, it is considered advisable that Mrs. Monika Garware Modi should assist Shri S. B. Garware in discharging his duties more effectively. In the process of assisting Shri S. B. Garware, Mrs. Monika Garware Modi will shoulder additional responsibilities.

Mrs. Monika Garware Modi has been associated with the Company from April, 1989. She bears an excellent academic career. She graduated from Vasagar College, one of the renowned institutions in U.S.A. and then did her M.B.A. degree from Lubin Business School, Pace University, New York, U.S.A. She has requisite knowledge and experience to manage the corporate affairs.

The Remuneration Committee of the Company's Board of Directors reviewed the remuneration package of Mrs. Monika Garware Modi, with a view to align such package with the practices prevailing in the corporate world and came to a conclusion that a revision was called for. The Remuneration Committee decided to revise the remuneration payable to Mrs. Monika Garware Modi, keeping in mind the additional managerial responsibilities shouldered by her.

The Board of Directors has, at its meeting held on 12th November, 2009, approved the revised terms of remuneration and perquisites payable to Mrs. Monika Garware Modi, so as to be commensurate with her duties and responsibilities, subject to necessary approvals.

The draft Agreement between the Company and Mrs. Monika Garware Modi, *inter-alia*, contains the following terms and conditions:

- a) Salary : Rs. 6,50,000/- per month. (With an annual increase of 10% per annum with effect from 01.11.2010 till the expiry of the term.)
- b) Commission: Mrs. Monika Garware Modi will be paid commission, equivalent to the annual salary, in addition to salary and perquisites, based on the net profits of the Company in a particular year in accordance with the provisions of Sections 198 and 309 of the Companies Act, 1956.
- c) Perquisites: Mrs. Monika Garware Modi will be entitled to furnished housing accommodation, gas, electricity, water and furnishings and other perquisites such as reimbursement of medical expenses incurred for self and family, leave travel concession for self and family once in a year, club fees, personal accident insurance, provision of a car with driver, telephone at residence etc. The monetary value of the perquisites will be calculated in accordance with the Income Tax Rules. The aggregate value of the above perquisites shall be restricted to a maximum of 30% of salary. Mrs. Monika Garware Modi shall also be entitled to the following perquisites which shall not be included in the computation of the ceiling on remuneration:-
 - i) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these, either singly or put together, are not taxable under the Income Tax Act, 1961.
 - ii) Gratuity payable at the rate not exceeding half a month's salary for each completed year of service.
 - iii) Encashment of leave at the end of her tenure.
- d) Mrs. Monika Garware Modi will be entitled to leave on full remuneration as per the rules of the Company but not exceeding one month's leave for every 11 months of service.
- e) Mrs. Monika Garware Modi will also be entitled to reimbursement of entertainment expenses actually incurred by her in the course of business of the Company.
- f) Mrs. Monika Garware Modi will also be entitled to receive from the Company traveling, hotel and other expenses incurred by her in performance of her duties on behalf of the Company.
- g) Mrs. Monika Garware Modi will not, so long as she functions as such, become interested or otherwise concerned directly in any selling agency of the Company in future without the prior approval of the Central Government.

The remuneration payable to Mrs. Monika Garware Modi as Joint Managing Director has been approved by the Remuneration Committee of the Board of Directors at its meeting held on 12th November, 2009.

The draft Agreement and the Resolution of the Annual General Meeting referred to in the Resolution under Item No. 8 of the accompanying notice will be open for inspection by the Members at the Registered Office of the Company on any working day between 11:00 a.m. and 01:00 p.m., prior to the date of the meeting.

Mrs. Monika Garware Modi is concerned or interested in the resolution under Item No.8 of the accompanying notice. Shri S. B. Garware, Mrs. S. S. Garware, Ms. Sarita Garware, and Ms. Sonia Garware Directors of the Company, being related to Mrs. Monika Garware Modi, may be deemed to be concerned or interested in the resolution. Save as aforesaid, none of the other Directors of the Company is, in any way, concerned or interested in the resolution.

This may also be treated as an abstract of the draft Agreement and the Memorandum of Interest of Directors therein pursuant to the provisions of Section 302 of the Companies Act, 1956.

Your Directors recommend this resolution

Item No. 9

At the Annual General Meeting held on 29th September, 2005, Ms. Sarita Garware was appointed as Joint Managing Director for a period of five years with effect from 1st November, 2004. On account of overall increase in the volume of business of the Company, the duties and responsibilities of Mrs. Monika Garware Modi, Vice Chairperson & Joint Managing Director of the Company, have increased manifold over the years. It is therefore considered advisable that Ms. Sarita Garware should assist her in discharging her duties more effectively. In the process of assisting Mrs. Monika Garware Modi, Ms. Sarita Garware will shoulder additional responsibilities.

Ms. Sarita Garware has been associated with the Company as Director since 1993. She is an M.B.A. from European University in Switzerland with specialisation in marketing. She has requisite knowledge and experience to manage the corporate affairs.

The Remuneration Committee of the Company's Board of Directors reviewed the remuneration package of Ms. Sarita Garware, with a view to align such package with the practices prevailing in the corporate world and came to a conclusion that a revision was called for. The Remuneration Committee decided to revise the remuneration payable to Ms. Sarita Garware keeping in mind the additional responsibilities shouldered by her.

The Board of Directors has, at its meeting held on 12th November, 2009, approved the revised terms of remuneration and perquisites payable to Ms. Sarita Garware, so as to be commensurate with her duties and responsibilities, subject to necessary approvals.

The draft Agreement between the Company and Ms. Sarita Garware, *inter-alia*, contains the following terms and conditions: -

- a) Salary: Rs. 5,50,000/- per month. (With an annual increase of 10% per annum with effect from 01.11.2010 till the expiry of the term.)
- b) Commission: Ms. Sarita Garware will be paid commission, equivalent to the annual salary, in addition to salary and perquisites, based on the net profits of the Company in a particular year in accordance with the provisions of Sections 198 and 309 of the Companies Act, 1956.
- c) Perquisites: Ms. Sarita Garware will be entitled to furnished housing accommodation, gas, electricity, water and furnishings and other perquisites such as reimbursement of medical expenses incurred for self and family, leave travel concession for self and family once in a year, club fees, personal accident insurance, provision of a car with driver, telephone at residence etc. The monetary value of the perquisites will be calculated in accordance with the Income Tax Rules. The aggregate value of the above perquisites shall be restricted to a maximum of 30% of salary. Ms. Sarita Garware shall also be entitled to the following perquisites which shall not be included in the computation of the ceiling on remuneration: -
 - i) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these, either singly or put together, are not taxable under the Income Tax Act, 1961.
 - ii) Gratuity payable at the rate not exceeding half a month's salary for each completed year of service.
 - iii) Encashment of leave at the end of her tenure.
- d) Ms. Sarita Garware will be entitled to leave on full remuneration as per the rules of the Company but not exceeding one month's leave for every 11 months of service.
- e) Ms. Sarita Garware will also be entitled to reimbursement of entertainment expenses actually incurred by her in the course of business of the Company.
- f) Ms. Sarita Garware will also be entitled to receive from the Company traveling, hotel and other expenses incurred by her in performance of her duties on behalf of the Company.
- g) Ms. Sarita Garware will not, so long as she functions as such, become interested or otherwise concerned directly in any selling agency of the Company in future without the prior approval of the Central Government.

The remuneration payable to Ms. Sarita Garware as Joint Managing Director has been approved by the Remuneration Committee of the Board of Directors at its meeting held on 12th November, 2009.

The draft Agreement and the resolution of the Annual General Meeting referred to in the resolution under Item No. 9 of the accompanying notice will be open for inspection by the members at the Registered Office of the Company on any working day between 11:00 a.m. and 01:00 p.m., prior to the date of the meeting.

Ms. Sarita Garware is concerned or interested in the resolution under Item No.9 of the accompanying notice. Shri S. B. Garware, Mrs. S. S. Garware, Mrs. Monika Garware Modi, and Ms. Sonia Garware Directors of the Company, being related to Ms. Sarita Garware, may be deemed to be concerned or interested in the resolution. Save as aforesaid, none of the other Directors of the Company is, in any way, concerned or interested in the resolution.

This may also be treated as an abstract of the draft Agreement and the Memorandum of Interest of Directors therein pursuant to the provisions of Section 302 of the Companies Act, 1956.

Your Directors recommend this resolution.

Item No. 10

Dr. M. C. Agarwal was appointed as an additional director on the Board of the Company with effect from 29th April, 2009 under Article 121 of the Articles of the Association of the Company and under Section 260 of the Companies Act, 1956. Dr. Agarwal holds office as an additional director upto the date of the ensuing Annual General Meeting of the Company. Notices in writing have been received from some of the members of the Company under Section 257 of the Companies Act, 1956 signifying their intention to propose Dr. Agarwal as the candidate to the office of the Director of the Company. As disclosed by Dr. Agarwal, he does not hold any shares of the Company.

Dr. Agarwal is Masters in Psychology, Post-MA, Diploma in research methodology, Ph.D. in Behavioral Science.

It would be in the interest of the Company to avail of the valuable experience and guidance of Dr. Agarwal. The Board recommends the appointment of Dr. Agarwal as Director of the Company.

Dr. Agarwal is concerned or interested in the resolution under Item No.10 of the accompanying notice. Save as aforesaid, none of the other Directors of the Company is, any way, concerned or interested in this resolution.

Item No. 11

Mr. Ramesh P. Makhija was appointed as an additional director on the Board of the Company with effect from 12th November, 2009 under Article 121 of the Articles of the Association of the Company and under Section 260 of the Companies Act, 1956. Mr. Makhija holds office as an additional director upto the date of the ensuing Annual General Meeting of the Company. Notices in writing have been received from some of the members of the Company under Section 257 of the Companies Act, 1956 signifying their intention to propose Mr. Makhija as the candidate to the office of the Director of the Company. As disclosed by Mr. Makhija, he does not hold any shares of the Company.

Mr. Makhija is a practicing solicitor since 1976. After successfully completing his Attorney-at-Law examination in U.K. he enrolled himself as Solicitor of the Supreme Court of England. Mr. Makhija has promoted and incorporated a Law Firm by the name of M/s. Ramesh Makhija & Co.

It would be in the interest of the Company to avail of the valuable experience and guidance of Mr. Makhija. The Board recommends the appointment of Mr. Makhija as Director of the Company.

Mr. Makhija is concerned or interested in the resolution under Item No. 11 of the accompanying notice. Save as aforesaid, none of the other Directors of the Company is, any way, concerned or interested in this resolution.

Item No. 12

In view of the substantial increase in activities of the Company, the Board of Directors feels it necessary to recommend appointment of Joint Auditor to hold office along with the existing Statutory Auditors of the Company. Whilst not applicable, however the Company has received a special notice under Section 190 of the Companies Act, 1956 from members proposing the name of M/s. Bhandari Dastur Gupta & Associates, Chartered Accountants as Joint Auditors of the Company, who have conveyed their eligibility and willingness for such appointment.

The Board of Directors accordingly recommend the resolution set out in Item no. 12 of the accompanying notice for approval of the members.

None of the Directors is, in any way, concerned or interested in this resolution except as members of the Company.

Item No. 13

Pursuant to resolution passed by the shareholders of the Company at the Extra Ordinary General Meeting of the Company held on 10th January, 1995 under Section 293(1)(e) of the Companies Act, 1956, ("the act"), the Board of Directors of a Public Company cannot, except with the consent of the Company in general meeting, contribute to charitable and other funds not directly related to the business of the Company or the welfare of its employees, any amounts, the aggregate of which will in any financial year exceed Rs. 50,00,000/- or 5% of its average net profits as determined in accordance with the provisions of Section 349 and 350 of the Act, during the three financial years immediately preceding, whichever is higher.

Keeping in view the expanding activities of the Company and considering its obligations towards social, educational, philanthropic and other welfare

activities, it would be necessary to increase the contribution/donation towards charitable and other welfare funds from time to time. The consent of the members is therefore sought to contribute/donate any amounts, the aggregate of which in any financial year will not exceed Rs.1,50,00,000/- or 5% of the Company's average net profits, as determined in accordance with the provisions of Section 349 and 350 of the Act, during the three financial years immediately preceding, whichever is higher.

The Board of Directors recommend passing of this resolution.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

Mumbai, 12th November, 2009

By Order of the Board of Directors

Registered Office:

Naigaon, Post Waluj,
AURANGABAD 431 133

Manoj Koul

*Company Secretary &
General Manager*

**Information on Directors seeking re-election/appointment at this Annual General Meeting.
[Pursuant to Clause 49(IV)(G) of the Listing Agreement]**

Name of the Director	Mrs. M. Garware Modi	Ms. Sonia Garware	Mr. N. P. Chapalgaonkar	Dr. M. C. Agarwal	Mr. Ramesh P. Makhija
Date of Birth & Age	04.06.1963 (46 years)	24.07.1971 (38 years)	10.04.1937 (72 years)	23.10.1946 (63 years)	19.08.1950 (59 years)
Appointed on	31.03.1989	31.01.2007	23.10.2003	29.04.2009	12.11.2009
Qualifications	M.B.A. (U.S.A.)	M.B.A. (U.S.A.)	M.A. & L.L.B	Masters in Psychology. Ph.D	L.L.B. Attorney - at - Law
Expertise in specific functional areas	Finance & Marketing	Marketing, H.R & Strategic Management	Ex-Judge of Bombay High Court	HRD	Law
Directorship(s) held in other public companies	1. Garware Industries Ltd. 2. Cadila Pharmaceuticals Ltd. 3. Casil Industires Ltd. 4. Casil Health Products Ltd. 5. IRM Ltd. 6. Karnavati Engineering Ltd.	1. Garware Industries Ltd.	-	-	1. B. Braun Medical Trust Foundation. 2. i-flex Solutions - Trustee Co. Ltd.
Memberships/ Chairmanships of Committees across public companies	NIL	NIL	NIL	Garware Polyester Ltd. Member : a) Share & Debenture Transaction cum Investor's Grievances Committee b) Audit Committee c) Remuneration Committee	NIL
Shareholding in the Company.	5,04,430	4,12,514	NIL	NIL	NIL

DIRECTORS' REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2009

TO THE MEMBERS

Your Directors present the Fifty-Second Annual Report together with the Audited Statement of Accounts of the Company for the year ended 30th September, 2009.

Financial Results

	(Rs. in Crores)	
	October 2008-September 2009 (12 months)	April 2007- September 2008 (18 months)
Operating Profit before Interest & Depreciation	108.42	149.99
Less : Interest & Financial Charges	52.97	78.25
Depreciation	32.47	49.10
Profit for the period before Tax	22.98	22.64
Less : Income Tax	12.30	6.98
Wealth Tax	0.05	0.09
Profit After Tax	10.63	15.57
Less : Extra ordinary item	0.00	6.16
Net Profit	10.63	9.41
Add : Balance brought forward from previous year	67.87	58.46
Balance available for Appropriation	78.50	67.87
Appropriation :		
Dividend on Redeemable Preference Shares	0.01	0.00
Proposed Dividend-Equity Shares	2.31	0.00
Tax on Dividend	0.39	0.00
Balance carried to Balance Sheet	75.79	67.87
	78.50	67.87

Dividend

Your Directors recommend for consideration at the Annual General Meeting, declaration of dividend for the year ended 30th September, 2009 as under :

- On 54,46,000 0.01% Cumulative Redeemable Preference Shares of Rs.100/-each and
- On 2,30,60,386 equity shares of Rs.10/- each @ 10% (i.e. Re.1/- per share).

The above will absorb Rs. 271 lakhs (including Tax). The requisite provision for dividend has been made in the accounts for the year ended 30th September, 2009.

Operations

Local sales increased by 21.13%, and exports have decreased by 32.79% (on annualized basis) due to global recession. In local market there was increase in sales volumes and there was strategic shift of quantities from export to local market. Your Company has performed better and the net profit after extra-ordinary items has increased substantially in the current year.

Future outlook

Growth in retail sector, liberalization, growing middle class and rising purchases of packaged foods and goods, growing application of polyester film in various applications such as electrical cables and motor insulators and lamination for automobiles and building glass windows is expected to fuel growth of polyester films. In International market, it is expected at 4-6% per annum. Local market growth is estimated at the rate of 10-14% per annum. The growth in domestic market is expected to be higher due to boom in retail outlets. There is likely to be significant capacity addition in coming year as some of the players are expected to commission new lines in Dubai, Mexico and China. The market scenario is, therefore, expected to be more challenging. Your Company has successfully faced the competition and been able to tap additional business in speciality film in China, USA, Australia, New Zealand, Brazil, Mexico, Nigeria and Yemen.

Despite slowdown faced during 1st quarter ended 31st December, 08, your Company faced the difficult situation by stepping up marketing efforts and initiating cost cutting measures and mitigating risk factors such as Credit Risk, Market Risk, Country Risk while reviewing the sales policy on a continuous basis. The Company, therefore, could come out with excellent results.

As regards Sun Control Film the growth of international and domestic market for Window films is expected to grow further consequent upon revival of automobile and realty sectors in last 6 months. The glass manufacturers are producing glass with embedded Sun Control characteristics. However, the toughened glass is no threat as these glasses are relatively costlier than Sun Control Films. The Company is penetrating into untapped markets in Eastern Europe such as Czechoslovakia, Croatia, Poland, Hungary, Romania, and Bulgaria. Exports of branded premium films continue to penetrate into lucrative markets such as USA, EU, UK and Russia. Various new products such as Nano, Ceramic and IR films launched in the market have revealed wide acceptance worldwide. The local market continues to show robust growth due to car kits.

Research & Development

Company's R & D Center is accredited by the Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India, and is engaged in research on new applications as well as development of new products, improvement of manufacturing processes and de-bottlenecking activities. Your Company's thrust on R & D activities has paid rich dividends.

Information Technology

Company believes that IT is a strategic tool for excellence in customer service and sustainable business growth. With this end in view, the Company is going for SAP implementation for better business integration by replacing legacy ERP systems.

The Company has implemented centralized email system with cluster solution for efficient working.