



Garware

Polyester Limited

ANNUAL REPORT
2010-11

One Company, Infinite Possibilities

GREEN INITIATIVE IN CORPORATE GOVERNANCE

The Ministry of Corporate Affairs has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register their e-mail addresses by sending the duly filled in and signed copy of the '**E-Mail Registration Form**' attached with this Annual Report by post at the Registered Office address of the Company or to the Registrar & Share Transfer Agent viz. M/s. Link-in-time India Pvt. Limited. Alternatively members can also send the scanned copy of duly filled in and signed 'E-Mail Registration Form' to the Company at the e-mail address cs@garwarepoly.com or to the Registrars & Share Transfer Agents at the e-mail address garwarepolyestergogreen@linkintime.co.in Members, in their own interest, are requested to get the shares dematerialized.

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
: A. B. BHALERAO

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

BANKERS : Indian Overseas Bank
Dena Bank
The Federal Bank Limited
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.

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 & SHARE TRANSFER AGENTS : Link Intime India Private Limited.

NOTICE

NOTICE IS HEREBY GIVEN THAT the Fifty Fourth Annual General Meeting of the members of **GARWARE POLYESTER LIMITED** will be held at the Registered Office of the Company on Tuesday, 27th December, 2011 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 31st March, 2011 and the Profit and Loss Account for the year ended on that date and the reports of the Board of Directors and the Auditors thereon.
2. To declare dividend on preference and equity shares.
3. To appoint a Director in place of Mrs. S. S. Garware, who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint a Director in place of Ms. Sarita Garware, who retires by rotation and being eligible, offers herself for re-appointment.
5. To appoint a Director in place of Ms. Sonia Garware, who retires by rotation and being eligible, offers herself for re-appointment.
6. To appoint a Director in place of Mr. B. Moradian, who retires by rotation and being eligible, offers himself for re-appointment.
7. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:-

"RESOLVED THAT pursuant to the provisions of Section 224A of the Companies Act, 1956, M/s. Shah & Co., Chartered Accountants, the retiring auditors of the Company be and are hereby appointed as auditors of the Company to hold the office from the conclusion of this meeting till the conclusion of the next Annual General Meeting on a remuneration as may be mutually agreed upon between the Board of Directors of the Company and Auditors, plus traveling, living and out of pocket expenses actually incurred by the Auditors in connection with the audit work".

Special Business:

8. To appoint Mr. A. B. Bhalerao as a Director of the Company, who was previously appointed as an Additional Director of the Company effective from 16th June, 2011 by the Board of Directors at their Meeting held on 11th August, 2011, 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. A. B. Bhalerao as a Director, having been received pursuant to Section 257 of the Companies Act, 1956, Mr. A. B. Bhalerao be and is hereby appointed as a Director of the Company, liable to retire by rotation."

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:

"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 to the welfare of the employee, any amount, the aggregate of which will not in any financial year exceed Rs. 3,00,00,000 (Rupees Three Crore) or 5% of the Company's average net profits, as determined in accordance with the provisions of Sections 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."

By Order of the Board of Directors

Mumbai,

14th November, 2011

Manoj Koul

*Company Secretary &
Sr. General Manager*

Registered Office

Naigaon, Post Waluj,
Aurangabad – 431 133.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (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. 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.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, 20th December 2011 to Tuesday, 27th December 2011 (both days inclusive).
5. The final & special Dividend as recommended by the Directors, if declared at the Meeting, will be paid to those members whose names appear in the Register of Members of the Company on 27th December, 2011, 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 19th December, 2011.
6. 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 & Share Transfer Agents, in case they hold shares in physical form.
7. 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.
8. Unclaimed dividend for the Financial Years 2004-05 and 2008-09, 2009-10 and 2010-11 (Interim) are 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 Agents, Link Intime India Private Limited at the address provided in point no. 10 below.
9. Unclaimed dividend for the Financial Year 2004-05 is due for transfer to the IEPF in the year 2012. Kindly note that no claims shall lie against the Company or the IEPF after such transfer.
10. 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 Registrars 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.

- 11 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 details, please inform your DP immediately.
- 12 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.

Notice of AGM and copies of Audited Financial Statements, Directors' Report, Auditors' Report will also be displayed on the company's website www.garwarepoly.com.

ANNEXURE TO THE NOTICE

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

Item No. 8

Mr. A. B. Bhalerao was appointed as an Additional Director on the Board of the Company with effect from 16th June 2011 under Article 121 of the Articles of the Association of the Company and Section 260 of the Companies Act, 1956. Mr. A.B. Bhalerao holds office as an Additional Director upto the date of 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. A. B. Bhalerao as the candidate to the office of the Director of the Company. As disclosed by Mr. A.B. Bhalerao, he does not hold any shares of the Company.

Mr. A.B. Bhalerao is B.E. (Mech.), F.I.E. and has vast knowledge and expertise in the field of production of polyester film and allied product developments. Mr. A.B. Bhalerao has a good niche & experience in Research & Development of polyester films.

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

Mr. A.B. Bhalerao is concerned or interested in the Resolution under item 8 of the Notice. Save as aforesaid, none of the other Directors of the Company is, in any way, concerned or interested in this Resolution.

Item No. 9

Pursuant to resolution passed by the shareholders of the Company at the Annual General Meeting of the Company held on 28th December, 2009 under Section 293(1)(e) of the Companies Act, 1956, ("the act"), the Board of Directors of the 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 to the welfare of its employees, any amounts, the aggregate of which will in any financial year exceed Rs. 1,50,00,000/- 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.3,00,00,000 (Rs. Three Crore) 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 Directors of the Company is, in any way, concerned or interested in the said resolution.

By Order of the Board of Directors

Mumbai,
14th November, 2011

Registered Office
Naigaon, Post Waluj,
Aurangabad – 431 133.

Manoj Koul
Company Secretary &
Sr. 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. S. S. Garware	Ms. Sarita Garware	Ms. Sonia Garware	Mr. B. Moradian	Mr. A. B. Bhalerao
Date of Birth & Age	09.12.1935 (76 years)	25.10.1967 (44 years)	24.07.1971 (40 years)	13.11.1950 (61 years)	15.05.1949 (62 years)
Appointed on	04.04.1996	24.12.1993	31.01.2007	29.10.2001	16.06.2011
Qualifications	B.A. (Hons.) B. Ed.	M.B.A. from European University in Switzerland	M.B.A. (U.S.A.)	B. E. (Mech.) from VJTI, M.M.S. from JBIMS	B.E.(Mech.), F.I.E
Expertise in specific functional areas	<ul style="list-style-type: none"> ➤ Marketing and Exports ➤ Associated with Charitable and Welfare Organisations 	<ul style="list-style-type: none"> ➤ Specialisation in Marketing 	<ul style="list-style-type: none"> ➤ Marketing, Human Resource & Strategic Management 	<ul style="list-style-type: none"> ➤ Marketing ➤ Productivity ➤ Human Resource Development 	<ul style="list-style-type: none"> ➤ Production of Polyester film and allied products. Identification of new product lines, product developments, R & D etc.
Directorship(s) held in other public companies	Garware Industries Ltd.	Garware Industries Ltd.	Garware Industries Ltd.	Essel Propack Ltd.	Garware Industries Ltd.
Memberships / Chairmanships of Committees across public companies	NIL	Garware Polyester Ltd.	NIL	Garware Polyester Ltd. Essel Propack Ltd.	Garware Polyester Ltd.
Shareholding in the Company as on 31.03.2011	94,500	1,87,500	1,87,500	NIL	NIL

DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2011

TO THE MEMBERS,

Your Directors present the Fifty-Fourth Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March, 2011.

Financial Results

(Rs. in Crores)

	April 2010 – March 2011 (12 months)	October 2009 - March 2010 (6 months)
Operating Profit before Interest & Depreciation	291.75	57.85
Less: Interest & Financial Charges	24.63	16.34
Depreciation	39.65	16.09
Profit for the year before Exceptional items	227.47	25.42
Exceptional items	16.36	0.00
Provision for Income Tax	22.55	0.00
Provision for Wealth Tax	0.11	0.05
Profit After Tax	188.45	25.37
Add: Balance brought forward from previous year	95.83	75.79
Balance available for Appropriation	284.28	101.16
Appropriation:		
Transfer to General Reserve	18.85	1.30
Dividend on Redeemable Preference Shares (*Rs.54,460/-)	0.00*	0.00
Interim Dividend	1.89	0.00
Proposed Final Dividend on Equity Shares	19.82	3.46
Tax on Dividend	3.79	0.58
Balance carried to Balance Sheet	239.93	95.82
Total	284.28	101.16

Dividend

During the year 2010-11, Company has paid an interim dividend of 15% and the Directors are pleased to recommend for consideration at the Annual General Meeting, declaration of dividend for the year ended 31st March, 2011 as under :

- On 54,46,000 [0.01%] Cumulative Redeemable Preference Shares of Rs.100/- each and
- Final Dividend on 2,33,15,150 equity shares of Rs.10/- each @ 15% (i.e. Rs.1.50 per equity share).
- Special Dividend on 2,33,15,150 equity shares of Rs.10/- each @ 70% (i.e. Rs.7.00 per equity share).

The above will absorb Rs.25.50 crores (including Tax).

Operations

The year under review witnessed best ever financial performance in the history of the Company. The performance during the year under reference was exceptionally good on account of spurt in the demand of Polyester film for packaging application in Domestic as well as in Export market. The demand was far exceeding the production capacities of thin film in India and hence the price realization was better. It was mainly on account of diversion of capacities for new application of photo voltaic solar panels application.

Domestic sales increased by 37% and exports have increased by 52% (on annualized basis) due to improved demand of Plain Polyester Film for packaging application in domestic market. The demand continued to grow in international market due to the capacity diversion of the

existing units and robust demand has raised the prices. The demand of laminated films for window tint application in automobile sector has grown in India due to very good performance of automobile industry. The Company had taken several cost control measures to reduce operating costs, which are giving sustained results. The Company has also reduced the financial cost and due to the combination of all these efforts, your Company has performed better and the net profit has increased substantially in the current year.

Future outlook

Growth in retail sector, liberalization, growing middle class, rising demand for purchase of packaged foods and goods have boosted growth of packaging films in India. There is a good show by the automobile sector, which has given rise for demand of the automobile application films for window tints. In International market, it is expected to grow at 4-6% per annum. Local market growth is estimated at the rate of 8-10% per annum. The growth in domestic market is expected to be higher due to boom in retail outlets. The market scenario is positive and offers possibilities for increasing the sales in value added products. Your Company has successfully created new markets and additional business in specialty film in Europe, China, USA, Australia, New- Zealand, Brazil, Mexico, Africa and Middle East. With an aggressive marketing approach and offering of value added products, the Company could come out with excellent results.

In automobile films segment, 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 introduction of various brands of car kits.

The Company adopted the strategy of multi branding of its films for automobile and building window applications in international market as well, which has also helped to grow the market share. "Global" brand which was primarily meant for American market has been introduced in India and other parts of the world. Similarly the "Sun Control" brand is introduced in USA.

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. The R&D centre is engaged in research on new applications as well as development of new products, improvement of manufacturing processes and debottlenecking activities. Your Company's thrust on R&D activities has paid rich dividends.

Functioning of R & D Department: -

- Development of various polymers and co-polymers synthesis for extrusion / co-extrusion and coating.
- Development of various films by extrusion and co-extrusion.
- Development of various coating chemistries for in-line and off-line coating.
- Development of various additives and master batches for specialty films.
- Up-gradation of existing products.
- Application development of various films.
- Trouble shooting of process in polymer/film/coating/quality/post operations and application.
- Debottlenecking of process in polymer / film / coating.
- Technical support to Customer and Marketing Dept.
- Process equipment selection and modifications.
- Patent related activities.
- TPM/ISO/BRC and other activities.

Information Technology (IT)

Company believes that IT is a strategic tool for excellence in customer service and sustainable business growth and with this view, the Company has implemented SAP for better business integration by replacing legacy standalone systems.

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

Awards and Recognitions

During the year, your Company is awarded the highest recognition of First Position for Top Exporter of Polyester Film for the year 2009-10 and 2010-11 by Plastic Export Promotion Council (Plexconcil), sponsored by the Ministry of Commerce and Industry, Government of India.

During the year, your Company has received National Award for Excellence in Energy Management from Confederation of Indian Industries (CII – Soharabji Godrej Green Business Centre) as Excellent Energy Efficient unit.

Also during the year, your Company has been honoured with eleven Safety Awards (out of which two were for recognizing company employees for their work in the safety area) at National & State Levels by Government Authorities such as National Safety Council of India (NSCI), Director General of Factory Advice Service & Labour Institutes (DGFASLI), and Maharashtra State Chapter of National Safety Council (NSC).

Human Resource Development

The Company's HR policies and processes are aligned to effectively drive its business and other emerging opportunities. This has been achieved by continuously investing in learning and development programs, creating appropriate work environment and maintaining a structured recognition system. The Company helps employees to build new skills and competencies and promote knowledge sharing and team building.

Manufacturing and Quality Initiatives

With innovative approaches in manufacturing techniques and product optimization, the productivity in the manufacturing segment has significantly gone up. The quality culture of your Company ensures that the products are benchmarked as best in class by the customers. Our quest for excellence both in Manufacturing and Quality continues as before. Your Company is regarded as best in class for Quality and Reliability.

Competitiveness is driving force behind the revolution of global business. Through Total Productive Management (TPM) initiatives, the Company became highly competitive in the market and progressed towards World Class Manufacturing through Productivity Improvement, Employee Integration, Skill Enhancement, Loss Elimination and Safe Environment. The focus was to plan, achieve & sustain Zero Break Down, Zero Defect, Zero Accident and Zero Losses in all areas.

The Company has implemented the Total Productive Management system with the help of Japanese Institute of Productive Management (JIPM), Japan and Confederation of Indian Industries (CII) in India and achieved the level of certification from the JIPM. The same is giving good results.

Corporate Social Responsibility

Corporate social responsibility in your Company is aligned with 'Garware' tradition of creating wealth in the community with focus on Art, Culture, Sports, health, education and safety.

The Company is running the Garware Community Center at Aurangabad with various activities at various locations. The Center is engaged in overall development of the community members of all age group and creating the hobby among them for art, culture, sports, education, social work, music etc.

The National Bal Bhawan run by the Garware Community Center has been awarded the prestigious 'National Value Award' for the year 2010. The award was conferred at the hands of Hon'ble Minister of Human Resources Development of Government of India, Mr. Kapil Sibal in a function held at New Delhi on 13th November 2010.

Subsidiaries Companies and their Financial Statements

Garware Polyester International Limited - UK and Global Pet Films Inc.- USA, continue to be the subsidiaries of the Company.

The Ministry of Corporate Affairs, Government of India vide General Circular No: 2/2011 dated 8th February, 2011 has allowed general exemption to Companies from complying with Section 212(8) of the Companies Act, 1956, provided such companies publish audited consolidated financial statements in the Annual report. Your Board has decided to avail the said general exemption from applicability of provisions of Companies Act, 1956 and accordingly, the Annual Accounts of the above Subsidiary Companies for the financial year ended 31st March, 2011 are not being attached with this Annual Report and the specified financial highlights of the said Subsidiaries are disclosed in this Annual Report, as part of the Consolidated Financial

Statements. The Audited annual accounts and related information of the subsidiaries will be made available, upon request and also be open for inspection at the Registered Office, to any shareholder with sufficient notice and on payment of prescribed fees as per the provisions of the law.

Safety, Health & Environmental Protection

Being a Responsible Corporate Citizen, your Company has continued to sustain various initiatives for the continual improvement in Safety, Environment and Health (SEH) at the works and surroundings. Some of the prominent activities include - Internal Safety Audit of plants (as per Indian Standard on Occupational Safety and Health Audit: IS-14489), periodical SEH inspections and trainings, schemes on the efficient usage of energy and the conservation of natural resources, activities for the enhancement of employee participation in SEH and the support in emergency management operations at public places. Your Company is a recipient of various safety laurels from the Regulatory Authorities on the State and National level as stated above during the year. Security system has been upgraded, like awareness training, evacuation drills to meet the new challenges.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Board of Directors of your Company confirm:

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) that the Directors have selected such accounting policies and applied them consistently and made judgments 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 of the Company for that year;
- iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors have prepared the annual accounts on a going concern basis.

Directors

Mrs. S. S. Garware, Ms. Sarita Garware, Ms. Sonia Garware and Mr. B. Moradian, retire by rotation and being eligible, offer themselves for re-appointment.

The Board of Directors of your Company appointed Mr. A. B. Bhalerao as an Additional Director with effect from 16th June 2011. According to provisions of Section 260 of the Companies Act, 1956, an Additional Director holds office as a Director only upto the date of the ensuing Annual General Meeting.

As required under Section 257 of the Companies Act, 1956, notices have been received from members signifying their intention to propose the appointment of Mr. A. B. Bhalerao, as a Director. Resolution proposing his appointment as a Director forms part of agenda of ensuing Annual General Meeting.

Audit Committee

Besides Mr. M. S. Adsul, the Audit Committee comprises of three independent Directors viz. Mr. B. Moradian, Dr. M. C. Agarwal and Mr. A. B. Bhalerao. Mr. B. Moradian, who is an independent non-executive Director, acts as chairman of Audit Committee Meetings.

Corporate Governance

A Report on Management Discussion and Analysis, Corporate Governance as well as Auditor's Certificate regarding compliance of Clause 49 of the Listing Agreement form part of this Report.

Extension of time to hold Annual General Meeting

The Registrar of Companies, Maharashtra, Mumbai vide its order dated 24th August, 2011 has granted its approval for extension of time to hold Annual General Meeting of the Company by three months i.e. upto 31st December 2011.

Auditors

The retiring auditors, M/s. Shah & Co., being eligible for re-appointment and have indicated their willingness to act as auditors, if appointed. The Company has received a letter from them to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956 and they are not disqualified for re-appointment within the meaning of Section 226 of the said Act. The observations made in the Auditor's Report are self-explanatory and therefore, do not call for any further comments.

M/s. Bhandari Dastur Gupta & Associates, Chartered Accountants, Mumbai, one of the Joint Statutory Auditors of the Company have tendered their resignation vide their letter dated 25.03.2011 from office of Statutory Auditors effective from 31.03.2011. The same has been accepted by the Audit Committee and the Board of Directors in their respective meetings held on 23rd April, 2011.

However, M/s. Shah & Co., Chartered Accountants, Mumbai other Joint Auditor continue to act as a Sole Auditor of the Company and shall hold office till the conclusion of this Annual General Meeting.

Other Statutory Information

The information required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 forms part of this report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to all the Shareholders of the Company excluding the aforesaid information. Any Shareholder interested in obtaining such particulars may inspect the same at the Registered Office of the Company or write to the Company Secretary at the Corporate Office of the Company. Information as per Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of this Report is annexed.

Industrial Relations

The relations between the Employees and the Management remained cordial during the year under review. Your Directors wish to place on record their appreciation of the contribution made by the Employees at all levels.

Acknowledgements

Your Directors wish to place on record their appreciation of the wholehearted co-operation received by the Company from the various departments of the Central & State Governments, Company's Bankers and Financial & Investment Institutions during the period under review.

For and on behalf of the Board of Directors

Mumbai

14th November, 2011

S. B. GARWARE

Chairman & Managing Director

ANNEXURE TO DIRECTORS' REPORT

Information required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

(A) CONSERVATION OF ENERGY :

Your Company always focuses on energy conservation and also strives to improve efficiency. Studies are conducted on regular basis to analyze quantitative energy consumption pattern and to find ways and means to improve efficiency. Following successful energy conservation efforts were made during the year under review:

- Waste heat recovery from boiler flue gases.
- Conversion of aluminum blade to FRP blade for cooling tower fan.
- Provision of booster compressor for instrument air system.
- Pneumatic booster installed that stopped operation of portable compressor.
- Energy efficient lighting used in L#2 TDO & Slitter area.
- Rotary feeder installed instead of ventury system for raw material feeding.

(B) TECHNOLOGY ABSORPTION**I. Research and Development (R&D) –****1. Specific areas in which R&D carried out by the Company.**

- a) Development of Speciality component films with enhanced properties required for Solar Back sheet fabrication to be used in Photo-Voltaic (PV) Cell.
- b) Special in-line coated PET films for Reprographic Applications and Thermal Lamination.
- c) Development of base Films for Label Application, Lidding film, Release Film and for Thermal Bar Code Printing.

2. Benefit derived as a result of the above R&D

- a. Value added products developed and reduction of production cost.

3. Expenditure on R&D / Product Development

(Rs. in Lakhs)

a. Capital (Excl. CWIP)	0.00
b. Recurring	120.38
Total	120.38

Total R&D expenditure as a percentage
to total turnover:

0.14%

II. Technology absorption, adaptation and innovation

1. Efforts made towards technology absorption, adaptation and innovation:
 - a. Developed technique to disperse nano particles
 - b. Developed non-fading nano particle based Solar Control film
2. Benefits derived as a result of above efforts:
Above efforts have resulted in improvement of product output, quality and reduction in wastage.
3. Technology imported during the last five years:
No Technology has been imported during the last 5 years

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:**I. Activities relating to exports, initiatives taken to increase export markets for products and services and export plans.**

1. The export marketing activities are being consolidated to maintain the share of exports in total production. Newer markets are being explored.
2. Constant endeavour is being made to establish the products in specific overseas regional markets and to accomplish the same, individuals with knowledge and experience of these markets are appointed to service the customers.
3. The Company has warehousing arrangements in USA and established marketing outfits in USA and UK.

II. Total Foreign Exchange used and earned

(Rs. in Crores)

Used :	77.51
Earned (FOB) :	363.57

For and on behalf of the Board of Directors

Mumbai

14th November, 2011**S. B. GARWARE***Chairman & Managing Director*