

**GARWARE**

# **Garware Polyester Limited**

## **ANNUAL REPORT 2015-16**



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

S. B. Garware - Chairman & Managing Director

S. S. Garware (Mrs.)

Monika Garware Modi (Mrs.) - Vice Chairperson & Jt. Managing Director

Sarita Garware Ramsay (Mrs.) - Jt. Managing Director

Sonia Garware (Ms.)

N. P. Chapalgaonkar

B. Moradian

M. S. Adsul - Director (Technical)

M. C. Agarwal (Dr.)

Ramesh P. Makhija

T. M. Parikh

Nilesh R. Doshi

### COMPANY SECRETARY & VICE PRESIDENT (LEGAL)

Nimesh S. Shah

### CHIEF FINANCIAL OFFICER

Gokul D. Naik

#### AUDIT COMMITTEE

T. M. Parikh – Chairman

B. Moradian

M. S. Adsul

M. C. Agarwal

Nilesh R. Doshi

#### STAKEHOLDERS' RELATIONSHIP COMMITTEE

M. C. Agarwal – Chairman

Sarita Garware Ramsay

B. Moradian

#### NOMINATION & REMUNERATION COMMITTEE

M. C. Agarwal – Chairman

B. Moradian

T. M. Parikh

#### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Sarita Garware Ramsay – Chairperson

B. Moradian

M. C. Agarwal

#### BANKERS

Indian Overseas Bank

Dena Bank

Bank of India

The Federal Bank Limited

#### AUDITORS

M/s. Manubhai & Shah, LLP

*Chartered Accountants*

M/s. Kirtane & Pandit, LLP

*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.

#### OFFICES

204, 2<sup>nd</sup> Floor, DLF Tower B, Near Apollo Hospital,  
Jasola, New Delhi – 110 025.

37/1B, Hazra Road, Kolkata – 700 029.

Old No. 37, New No. 55,  
Ambercrest, 4<sup>th</sup> Floor, Pantheon Road  
Egmore, Chennai – 600 008.

#### OVERSEAS OFFICE

Unit 2-17, The Plaza,  
535, Kings Road, London – SW10 0SZ.

101, Lake Forest Blvd.  
Street No. 403, Gaithersburg  
MD, 20887, U.S.A.

#### REGISTRARS & TRANSFER AGENTS

Link Intime India Private Limited, Mumbai.

#### WEBSITE

[www.garwarepoly.com](http://www.garwarepoly.com)

CONTENTS	PAGE NO.
Notice .....	03
Directors' Report and Annexures .....	07
Management Discussion and Analysis.....	21
Corporate Governance Report .....	23
Secretarial Audit Report and Annexure .....	33
Auditors' Report and Annexure .....	35
Balance Sheet .....	38
Statement of Profit and Loss .....	39
Cash Flow Statement .....	40
Notes to the Financial Statements.....	43
Form AOC-1 .....	60
Auditors Report on Consolidated Financial Statements.....	61
Consolidated Balance Sheet .....	64
Consolidated Statement of Profit and Loss .....	65
Consolidated Cash Flow Statement .....	66
Notes to the Consolidated Financial Statements .....	70
Route Map for AGM.....	84
Proxy Form and Attendance Slip.....	87

**NOTICE****GARWARE POLYESTER LIMITED**

CIN: L10889MH1957PLC010889

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

Website: www.garwarepoly.com

Email: nimeshshah@garwarepoly.com

Tel. No.: 022 6698 8000.

NOTICE IS HEREBY GIVEN THAT the 59<sup>th</sup> Annual General Meeting of the members of GARWARE POLYESTER LIMITED will be held at the Registered Office of the Company on Wednesday, 21<sup>st</sup> September, 2016 at 11.30 a.m. at Naigaon, Post Waluj, Aurangabad – 431 133 to transact the following businesses:

**Ordinary Business:**

- To consider and adopt:
  - the Audited Financial Statements of the Company for the financial year ended March 31, 2016, with the reports of the Board of Directors and Auditors thereon; and
  - the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2016 and the report of the Auditors thereon.
- To appoint a Director in place of Mrs. Sarita Garware Ramsay (DIN: 00136048), who retires by rotation and being eligible, offers herself for re-appointment.
- To appoint a Director in place of Ms. Sonia Garware (DIN: 00135995), who retires by rotation and being eligible, offers herself for re-appointment.
- To consider the following resolution as an Ordinary Resolution:-  
**“RESOLVED THAT** pursuant to Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 6 of the Companies (Audit and Auditors) Rules, 2014 and pursuant to the recommendation of the Audit Committee and approval by the Board of Directors, the appointment of M/s. Manubhai & Shah, LLP, (Earlier, Manubhai & Shah) Chartered Accountants (Firm Registration Number: 106041W/W100136) be and are hereby ratified as the Statutory Auditors of the Company, to hold office from the conclusion of the 59<sup>th</sup> Annual General Meeting till the conclusion of the 62<sup>nd</sup> Annual General Meeting of the Company, subject to ratification at every subsequent Annual General Meeting at such remuneration plus service tax, as may be mutually agreed upon between the Board of Directors of the Company and auditors, plus travelling and out of pocket expenses actually incurred by the auditors in connection with the audit work.”

**Special Business:**

- To consider the following resolution as an Ordinary Resolution:-  
**“RESOLVED THAT** M/s. Kirtane & Pandit LLP, Chartered Accountants ( Firm Registration Number : 105215W/W100057 ) be and are hereby appointed as the Joint Auditors of the Company together with M/s. Manubhai & Shah, LLP, Chartered Accountants from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting at such remuneration plus service tax as may be mutually agreed upon between the Board of Directors of the Company and the said M/s. Kirtane & Pandit LLP, plus traveling and out of pocket expenses actually incurred by the Auditors in connection with the audit work.”

- To consider the following resolution as an Ordinary Resolution:-

**“RESOLVED THAT** pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under, as amended from time to time, the Company hereby ratifies the remuneration of ₹ 3,00,000/- (Rupees Three Lakhs only) plus out-of-pocket expenses payable to M/s. M. R. Pandit & Co., Cost Accountants (Firm's Registration No. 00268) who have been appointed by the Board of Directors as the Cost Auditors of the Company, to conduct the audit of the cost records of the Company, for the Financial Year ending 31<sup>st</sup> March, 2017.”

By Order of the Board of Directors  
 For **Garware Polyester Limited**

Place: Mumbai

Date: August 10, 2016

**Nimesh S. Shah**  
*Company Secretary &  
 Vice President (Legal)*

**Registered Office**

Naigaon, Post Waluj,  
 Aurangabad – 431 133

**NOTES:**

- 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/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.

A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the company.

The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.

- Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to Item No. 5 and 6 of the Notice is annexed hereto.
- Members desiring any information on the business to be transacted at the Meeting are requested to write to the Company at least 15 days in advance to enable the Management to keep the information, as far as possible, ready at the Meeting.
- The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, 14<sup>th</sup> September, 2016 to Wednesday, 21<sup>st</sup> September, 2016 (both days inclusive).
- Members are requested to notify immediately any change in their addresses directly to their Depository Participant in case they hold shares in dematerialized form or to the Company's Registrars & Share Transfer Agents, in case they hold shares in physical form.
- The Ministry of Corporate Affairs (MCA) on 10<sup>th</sup> May, 2012 notified about the IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012 (IEPF Rules). The objective of the IEPF Rules is to help the shareholders to ascertain status of the unclaimed amounts and overcome the problems due to misplacement of intimation thereof by post etc. The Company has uploaded the information in respect of the Unclaimed Dividends for the financial years 2008-09, 2009-10, 2010-11 & 2011-12, as on the 58<sup>th</sup> Annual General Meeting (AGM) held on 29<sup>th</sup> September, 2015 on the website of IEPF viz. www.iepf.gov.in.

7. Unclaimed dividend for the Financial Years 2008-09, 2009-10, 2010-11 (Interim & Final) and 2011-12 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, M/s. Link Intime India Private Limited at the address provided in point no. 14 - XIV below.
8. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
9. SEBI has also mandated that for registration of transfer of securities, the transferee(s) as well as transferor(s) shall furnish a copy of PAN card to the Company for registration of transfer of securities.
10. Information required under Regulation 36(3) of the Listing Regulations (relating to Corporate Governance) with respect to the Directors seeking appointment/re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.
11. A route map showing directions to reach the venue of the 59<sup>th</sup> AGM is given along with this Annual Report as per the requirement of "Secretarial Standard-2" on General Meeting.
12. Electronic copy of the Annual Report for 2015-16 and Notice of the 59<sup>th</sup> Annual General Meeting of the Company *inter-alia* indicating the process and manner of electronic voting ('e-voting') along with Attendance Slip, Proxy Form and Route Map is being sent to all the members whose email IDs are registered with the Company/ Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 59<sup>th</sup> Annual General Meeting of the Company *inter-alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
13. Members may also note that the Notice of the 59<sup>th</sup> Annual General Meeting, Attendance Slip, Proxy Form, Ballot Paper, Route Map and the Annual Report for the year 2016 will also be available on the Company's website [www.garwarepoly.com](http://www.garwarepoly.com) for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office at Aurangabad for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost.  
  
For any communication, the shareholders may also send requests to the Company's investor email id: [cs@garwarepoly.com](mailto:cs@garwarepoly.com)
14. **Voting through electronic means**
  - I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, and Regulation 44 of the Listing Regulations the Company is pleased to provide members facility to exercise their right to vote at the 59<sup>th</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from place other than venue of the AGM ("remote-e-voting") will be provided by **National Securities Depository Limited (NSDL)**.
  - II. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- III. **The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.**
- IV. The remote e-voting period commences on Saturday, 17th September, 2016 (9:00 am) and ends on Tuesday, 20th September, 2016 (5:00 pm). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Thursday, 15th September, 2016, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. **Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.**
- V. A person who is not a member as on the cut-off date should treat this Notice for information purpose only.
- VI. The instructions for e-voting are as under:
  - A) In case a Member receives an e-mail from NSDL [for members whose e-mail IDs are registered with the Company/Depository Participants(s)]:
    - (i) Open e-mail and open PDF file viz; "remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.
    - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>
    - (iii) Click on Shareholder – Login.
    - (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
    - (v) Password change menu appears. If you desire, then change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. **Please preserve your new password.** It is strongly recommended not to share your password with any other person and to take utmost care to keep your password confidential.
    - (vi) Home page of e-voting opens. Click on e-Voting: Active Voting Cycles.
    - (vii) Select "EVEN" of Garware Polyester Limited.
    - (viii) Now you are ready for remote e-voting as Cast Vote page opens.
    - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
    - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
    - (xi) Once you have voted on the resolution, you will not be allowed to modify / change your vote.
    - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPEG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [nilesh@ngshah.com](mailto:nilesh@ngshah.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
  - B) Members upon receiving physical copy of an Annual Report are requested to note down the following from attached e-voting form:
    - (i) Initial password is provided in the attached e-voting form.
      - (a) **EVEN** (Remote E-Voting Event Number)
      - (b) **USER ID**
      - (c) **PASSWORD/ PIN**

- (ii) Please follow all steps from Sl. No. 14 (VI)(A)(I) to (XII) above, to cast your vote.
- VII. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no. 1800-222-990.
- VIII. If you are already registered with NSDL for e-voting then you can use your existing user ID and password/PIN for casting your vote.
- IX. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- X. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 15th September, 2016.
- XI. Mr. Nilesh G. Shah, Practicing Company Secretary (Membership No. FCS-4554, CP No. 2631), has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- XII. The Scrutinizer shall after the conclusion of voting at a AGM, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and will make, not later than 48 hours of the conclusion of AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, forthwith to the Chairman of the Company or in his absence to a person authorised by him in writing. who shall counter sign the Scrutinizer's Report and shall declare the result forthwith.
- XIII. The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.garwarepoly.com](http://www.garwarepoly.com) and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in this behalf. The results shall also be uploaded on the BSE Listing Portal.
- XIV. 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.
- By Order of the Board of Directors  
**For Garware Polyester Limited**
- Nimesh S. Shah**  
*Company Secretary &  
 Vice President (Legal)*
- Place: Mumbai  
 Date: August 10, 2016
- Registered Office**  
 Naigaon, Post Waluj,  
 Aurangabad – 431 133



**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**
**Item No. 5**

In view of the substantial increase in activities of the Company, the Board of Directors consider that it is necessary to recommend re-appointment of M/s. Kirtane & Pandit, LLP, Chartered Accountants as Joint Auditor to hold the office along with the existing Statutory Auditors of the Company. M/s. Kirtane & Pandit, LLP, Chartered Accountants were appointed as Joint Auditor at the 58<sup>th</sup> Annual General Meeting of the Company held on 29<sup>th</sup> September, 2015.

The Company has received a special notice under Section 115 of the Companies Act, 2013 from the member proposing the name of M/s. Kirtane & Pandit, LLP, Chartered Accountants as Joint Auditors of the Company, who have conveyed their eligibility and willingness for such re-appointment.

None of the Directors or Key Managerial Personnel of the Company or their relatives is/are in any way concerned or interested, in the said resolution as set out at the Item No. 5 of the Notice for approval by the members.

The Board recommends the Ordinary Resolution set out in Item No. 5 of the accompanying notice for approval by the shareholders.

**Item No. 6**

The Board of Directors of the Company on the recommendation of the Audit Committee, approved the appointment and remuneration of M/s. M. R. Pandit & Co., Cost Accountants, to conduct the audit of the Cost records of the Company for the financial year ending March 31, 2017.

In terms of the provisions of Section 148 of the Companies Act, 2013 read with Rule 14(a)(ii) of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is to be approved by the Board of Directors and subsequently ratified by the Members of the Company. Accordingly, the Members are requested to ratify the remuneration payable to the Cost Auditor for the financial year ending March 31, 2017, as set out in the Resolution for the aforesaid services to be rendered by them.

None of the Directors or Key Managerial Personnel of the Company or their relatives is/are in any way concerned or interested, in the said resolution as set out at the Item No. 6 of the Notice for approval by the members.

The Board recommends this Ordinary Resolution as set out at Item No. 6 of the accompanying Notice for approval by the members.

By Order of the Board of Directors  
For **Garware Polyester Limited**

Place: Mumbai  
Date: August 10, 2016

**Nimesh S. Shah**  
Company Secretary &  
Vice President (Legal)

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

**Details of Director(s), seeking appointment/ re-appointment, as required under Regulation 36(3) of SEBI Listing Regulations.**

Name of the Director	Mrs. Sarita Garware Ramsay	Ms. Sonia Garware
Date of Birth & Age	25.10.1967 49 years	24.07.1971 45 years
Date of Appointment on the Board	24.12.1993	31.01.2007
Qualifications	M. B. A. from European University in Switzerland	M. B. A. from Boston College USA.
Expertise in specific functional areas	Specialisation in Marketing	Finance, Marketing & Strategic Management
Directorship(s) held in other public companies	Garware Industriees Ltd.	Garware Industriees Ltd.
Chairmanship (s)/ Memberships of Committees across public companies	Garware Polyester Ltd. ➤ CSR Committee ➤ Stakeholders Relationship Committee	–
No. of shares held in the Company as on 31.03.2016.	2,67,653	2,68,595



## DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2016

### TO THE MEMBERS,

Your Directors present the 59<sup>th</sup> Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31<sup>st</sup> March, 2016

### 1. Financial Results

(₹ in Crores)

	2015-16		2014-15	
Operating Profit before Interest & Depreciation		85.11		85.23
Less: Finance Cost	42.93		43.64	
Depreciation	16.84	59.77	15.08	58.72
Profit for the year before Exceptional Item		25.34		26.51
Provision for Income Tax		7.95		9.17
Profit After Tax		17.39		17.34
Add: Balance brought forward from previous year		268.86		308.26
<b>Balance available for Appropriation</b>		<b>286.25</b>		<b>325.60</b>
<b>Appropriation:</b>				
Transferred from Assets whose balance useful life is Nil as per Schedule II of the Companies Act, 2013 (Net of deferred tax of ₹ 117.50 Lakhs)		0.00		2.28
Transferred to Capital Redemption Reserve on Redemption of Preference Shares		0.00		54.46
<b>Balance carried to Balance Sheet</b>		<b>286.25</b>		<b>268.86</b>
<b>Total</b>		<b>286.25</b>		<b>325.60</b>

### 2. Dividend

Your Directors have not recommended any dividend on the equity share capital for the year under review with a view to conserve the resources and to plough back profits to strengthen the net working capital.

### 3. Company's Performance

On consolidated basis, a revenue from operations for the financial year 2015-16 at ₹ 863.53 Crores was lower by 6% over the last year (₹ 923.18 Crores in 2014-15). The Earnings before interest, tax, depreciation and amortization (EBITDA) was at ₹ 87.13 Crores against EBITDA of ₹ 86.56 Crores in 2014-15. The Profit after tax (PAT) for the year was ₹ 16.50 Crores against the PAT of ₹ 17.81 Crores in 2014-15.

On Standalone basis, a revenue from operations for the financial year 2015-16 was at ₹ 848.23 Crores, is lower by 7% over the last year (₹ 913.37 Crores in 2014-15) due to pressure on selling prices of THIN film. The Earnings before interest, tax, depreciation and amortisation (EBITDA) was ₹ 85.11 Crores against EBITDA of ₹ 85.23 Crores in 2014-15. The Profit after tax (PAT) for the year was ₹ 17.39 Crores against the PAT of ₹ 17.34 Crores in 2014-15.

### 4. Operations

The year 2015-16 has ended in line with the year 2014-15 at Profit after tax in spite of reduction in turnover due to pressure in selling prices of Thin Film. However, your company is able to maintain profitability because of better product mix. This was achieved irrespective of decrease in other income.

Your Company is making efforts to divert the spare capacity of Consumer Products Division (CPD Division) for exports. The said capacity has become spare, against the ban on use of Sun Control Film on motor car windows in Indian market since 2012, pursuant to the order of the Hon'ble Supreme Court of India.

### 5. Future Outlook

Due to the overcapacity situation that persists in the Polyester film Industry in Indian as well as in International Market, the prices will

still remain under pressure and will face tough competition and oversupply situation. Therefore your Company has shifted its focus to the Speciality films and has developed new products for the international market such as digital printable films, Films for solar PV application, films for Lidding application, coated films for label, Medium & High shrink films for Label and films with high Infrared heat rejection for Automobiles etc. These films will mainly cater to the export markets.

### 6. Research & Development

Your company is a leader in development of new products and new applications in the fields of Polyester film and solar control window film. Your Company's R&D Department is very much focusing on cost reduction measures by introducing cost effective alternative raw materials and processes in manufacturing method.

Your Company's R&D Centre is accredited by the Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India etc. since many years. R&D team works hand-in-hand with production team to introduce and establish new products at the plant and to improve the product quality and output efficiencies in all the plants at Aurangabad.

As on date, all the manufacturing plant /pilot plants and laboratories are upgraded with latest equipment to upgrade the product quality and to achieve the various quality requirements of regular customers.

### 7. Functioning of R & D Department

R&D activities are carried out on continuous basis as an independent important activity.

In this center various pilot plants are installed for development of Polymers, film extrusion and different types of coatings.

All new polymers and coatings are first produced in these plants and extensively tested in specially developed test facilities before commencing trials on the main plant. All the new product trials are taken under supervision of very senior R&D personnel and test marketing is done before producing them in bulk quantities.

Our laboratories are equipped with state-of-the-art latest testing equipments and many speciality test rigs are used as per the end product applications

## 8. Information Technology (IT)

- Your Company has implemented CCTV security surveillance system in production mainly covering Chill roll & slitting areas to control and monitor manufacturing process.
- Your Company is in process to implement SAP HR Payroll to integrate HR process to the existing SAP ERP system.
- Your Company is in process to implement SAP BI system to facilitate KPI driven reporting and Dashboard to management by taking advantage of SAP ERP business database.
- Your Company has implemented Server Virtualization for its Windows and Linux based servers using VMWare Technology and virtualized its 16 Windows as well as Linux servers.
- Your Company is in the process to upgrade its existing SAP ERP EHP version from EHP4 to EHP7 including AIX operating system and DB2 database.

## 9. Awards and Recognitions

During this year, your Company has been honoured with Six Safety Awards at State Level by Maharashtra State Chapter of National Safety Council (NSC – MC).

Out of these six awards, three awards were won by the Company's employees for their contribution in State Level Safety Slogan Competition.

## 10. Human Resource Development

Your Company's Human Resources team successfully ran its talent acquisition, retention and development agendas during the year.

Company's senior management team was strengthened through hiring of leaders in various domains. The Company's HR policies and processes are aligned to effectively drive its business and other emerging opportunities.

The focus on employee development through training modules that were created in-house continued. More than 182 training programs were conducted during the year, over 85% of them through in-house trainers and business leaders. The programs added up to over 12,000 man-hours / 1,500 man-days of training. This has been achieved by continuously investing in learning and development programs by arranging target oriented training programs, creating appropriate work environment and maintaining a structured recognition system.

HR has been working to provide an enabling working environment where innovation and performance thrive. Employees are empowered and we believe that it is, they who ultimately deliver the results.

## 11. 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.

In order to keep the plants in excellent running condition the company has upgraded the manufacturing plants with various new equipment to produce quality products.

## 12. Consolidated Financial Statement

The Consolidated Financial Statements of the Company are prepared in accordance with relevant Accounting Standards AS-21, AS-23 and AS-27 issued by the Institute of Chartered Accountants of India and forms a part of this Annual Report.

## 13. Subsidiary Companies

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

Pursuant to Section 129(3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014, the statement containing salient features of the financial statements of the Company's Subsidiaries (in Form AOC-1) is attached to the financial statements.

## 14. Safety, Health & Environmental Protection

Being a Responsible Corporate Citizen, your Company has regularly undertaken various initiatives for the continual improvement in Safety, Health and Environment (SHE) at the works and surrounding areas.

Some of the prominent activities include – Safety audits of Thermic Fluid system and Electrical System by external expertise (M/s Jacobs Engineering), Internal Safety survey of plants, Field Safety rounds after monthly Safety review meetings, EMS training and Field rounds, periodical SHE inspections and trainings, schemes on the efficient usage of energy and the conservation of natural resources, activities for the enhancement of employee participation in SHE 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 level, as stated above during the year. Security system has been upgraded, like awareness training, evacuation drills to meet the new challenges.

## 15. Directors' Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability confirm that:

- a) in the preparation of the annual accounts for the year ended March 31, 2016, the applicable accounting standards have been followed and there are no material departures from the same;
- b) 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 as at March 31, 2016 and of the profit of the Company for the year ended on that date;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the annual accounts on a 'going concern' basis;
- e) the Directors have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively and
- f) the Directors have advised proper systems to ensure compliance with provisions of applicable laws and that such systems were adequate and operating effectively.