

<b>BOARD OF DIRECTORS</b>	: S. B. GARWARE	<i>Chairman &amp; Managing Director</i>
	: S. S. GARWARE (Mrs.)	
	: DILIP J. THAKKAR	
	: N. P. CHAPALGAONKAR	
	: NIMISH G. PANDYA	
	: M. GARWARE MODI (Mrs.)	<i>Vice Chairperson &amp; Jt. Managing Director</i>
	: SARITA GARWARE (Ms.)	<i>Jt. Managing Director</i>
	: SONIA GARWARE (Ms.)	
	: B. MORADIAN	
	: M. S. ADSUL	<i>Director – Technical</i>
<b>COMPANY SECRETARY &amp; GENERAL MANAGER</b>	: Manoj Koul	
<b>BANKERS</b>	: Indian Overseas Bank Dena Bank The Federal Bank Limited State Bank of Mysore Bank of India Punjab National Bank	
<b>AUDITORS</b>	: Shah & Co. Chartered Accountants	
<b>SOLICITORS &amp; ADVOCATES</b>	: Crawford Bayley & Co.	
<b>REGISTERED OFFICE</b>	: Naigaon, Post Waluj, Aurangabad - 431 133.	
<b>CORPORATE OFFICE</b>	: Garware House, 50-A, Swami Nityanand Marg, Vile Parle (East), Mumbai 400 057.	
<b>WORKS</b>	: 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.	
<b>OFFICES</b>	: 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.	
<b>REGISTRARS &amp; TRANSFER AGENTS</b>	: Intime Spectrum Registry Limited.	



**NOTICE**

NOTICE IS HEREBY GIVEN THAT the Fifty First Annual General Meeting of the Members of **GARWARE POLYESTER LIMITED** will be held at the Registered Office of the Company on Tuesday, the 23<sup>rd</sup> December, 2008 at 11.30 a.m. at Naigaon, Post Waluj, Aurangabad 431 133 to transact the following business:

**Ordinary Business:**

1. To receive, consider and adopt the Audited Balance Sheet as at 30<sup>th</sup> September, 2008 and the Profit and Loss Account for the 18 months period ended on that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mrs. S. S. Garware, who retires by rotation and, being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Ms. Sarita Garware, who retires by rotation and, being eligible, offers herself for re-appointment.
4. To appoint a Director in place of Mr. B. Moradian, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

**Special Business:**

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

"RESOLVED THAT in accordance with the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, (including any amendment to or re-enactment thereof) (hereinafter referred to as "the Act"), and subject to the enabling provisions of Memorandum and Articles of Association of the Company, the Listing Agreement entered into by the Company with the Stock Exchange where the shares of the Company are listed, and in accordance with the applicable guidelines / rules / regulations / notifications / circulars and clarifications thereon issued under Securities Contract Regulation Act, Securities and Exchange Board of India Act, the SEBI (Disclosure & Investor Protection) Guidelines, 2000, and all other applicable law(s), issued from time to time, if any, and subject to all such statutory, regulatory and Government approvals, permissions or sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any or more of them while granting such approvals, permissions or sanctions, consent, authority and approval of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of Directors, which the Board may have constituted or hereinafter may constitute, to which the Board have delegated or may delegate all or any of its powers, from time to time) to create, offer, issue and allot, in one or more tranches, by way of preferential issue, upto 2,00,000 (Two Lakhs) equity shares of Rs. 10/- (Rupees Ten) each (equity shares), of the Company for cash, to various schemes operating under UTI - Mutual Fund (UTI - MF) and Specified Undertaking Unit Trust of India (SuUTI) of UTI Asset Management Company Limited (UTI) at a price of Rs. 32.67 per equity share (i.e., at a premium of Rs. 22.67 per equity share), which is not less than the higher of the following :

- (i) The average of the weekly high and low of the closing prices of the equity shares quoted on the stock exchange during the six months preceding the "Relevant Date"; or
- (ii) The average of the weekly high and low of the closing prices of the equity shares quoted on the stock exchange during the two weeks preceding the "Relevant Date",

such equity shares being issued as per the One Time Settlement of dues with UTI and in accordance with the applicable laws, rules, regulations and guidelines prevailing in this regard.

**RESOLVED FURTHER THAT:**

- (a) The relevant date for the purpose of pricing of issue of Shares in accordance with the SEBI (DIP) Guidelines is 22<sup>nd</sup> November, 2008.
- (b) The equity shares to be offered, issued and allotted in pursuance of this resolution shall rank *pari-passu* with the existing equity shares of the Company in all respects.
- (c) The offer, issue and allotment of the equity shares shall be made at such time or times and in such manner as the Board may in its absolute discretion decide, subject to the provisions of the SEBI (DIP) Guidelines, 2000 and all other applicable law(s), issued from time to time.
- (d) The Board, be and is hereby authorized to decide and approve the other terms and conditions of the issue of the Shares and shall be entitled to vary, modify or alter any of the terms and conditions, including the issue price and the size of the issue, as it may deem expedient, without further being required to seek any consent or approval of the members of the Company, however subject to the applicable provisions, rules, regulations, notifications, guidelines etc. as prescribed by Government of India, SEBI or any other regulatory authority in that behalf.

RESOLVED FURTHER THAT for giving effect to this Resolution, the Board be and is hereby authorized to take such steps and to do all such acts, deeds and things as the Board may, in its absolute discretion, consider necessary, expedient, usual, proper or incidental to this resolution and to settle any question, remove any difficulty or doubt that may arise from time to time in relation to the offer, issue and allotment of the equity shares and the listing thereof with the Stock Exchange, enter into any agreements or other instruments, and to take such actions or give such directions as they may consider as being necessary or desirable and to obtain any approvals, permissions, sanctions which may be necessary or desirable, as they may deem fit."

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

"RESOLVED THAT Messers Shah & Co., Chartered Accountants, be paid an additional remuneration of Rs. 4,00,000 (Rupees Four Lakhs) and reimbursement of out of pocket expenses incurred by them for the extended period of the Financial Year from 1<sup>st</sup> April, 2008 to 30<sup>th</sup> September, 2008."

By Order of the Board of Directors

Mumbai, 22nd November, 2008

**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. 6 & 7 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 Monday, December 15, 2008 to Tuesday, December 23, 2008 (both days inclusive).
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 & Transfer Agents, in case they hold shares in physical form.
7. Pursuant to the provisions of Section 205A of the Companies Act, 1956, all dividends remaining unpaid / unclaimed up-to the financial year ended 31<sup>st</sup> March, 1994 have been transferred to the General Reserve Account of the Central Government. Members who have not en-cashed dividend warrants pertaining to the said period may submit their claims for dividend to the Registrar of Companies, Maharashtra, at Mumbai.  
  
As per the provisions of Section 205C of the Companies Act, 1956, the Company has transferred the dividend declared for the financial years ended 31<sup>st</sup> March, 1995, 31<sup>st</sup> December, 1995 and 31<sup>st</sup> December, 1996 which remained unpaid or unclaimed for a period of seven years to the Investor Education and Protection Fund (IEPF) set up by the Central Government. It may be noted that no claims shall lie against the Company or IEP Fund in respect of the said unclaimed dividend amount.
8. 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:

**INTIME SPECTRUM REGISTRY LIMITED**

(Unit: Garware Polyester Limited)  
C-13, Pananal Silk Mill Compound,  
L.B.S. Marg, Bhandup (West),  
Mumbai - 400 078.  
Tel. No. 2596 3838  
Fax : 2596 2691

**ANNEXURE TO THE NOTICE****EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.****Item No.6 :**

In order to implement the One Time Settlement (OTS) package sanctioned by UTI vide its letters No. UTIMF/DFM(DS)/G-76/530/2007-08 dated 30<sup>th</sup> September, 2008 and No. UTIMF/DFM(DS)/G-76/381/2008-09 dated 1<sup>st</sup> October, 2008 the Company is required to issue 2,00,000 (Two lakhs) Equity Shares to various schemes operating under UTI - Mutual Fund (UTI - MF) and Specified Undertaking Unit Trust of Inida (SuUTI) of UTI Asset Management Company Limited (UTI) as per SEBI guidelines in future.

In terms of Section 81(1A) of the Companies Act, 1956, it is required to obtain approval of the shareholders, by way of passing of a Special Resolution in a General Meeting, for making any further issue of shares.

Accordingly, the Board has subject to members approval, decided to issue equity shares on a preferential basis to UTI in terms of Chapter XIII of the SEBI (Disclosure and Investor Protection) Guidelines, 2000.

UTI has agreed to subscribe for 2,00,000 (Two Lakhs) number of equity shares at a price to be determined as per Chapter XIII of the said SEBI Guidelines, that is to say, at a price not less than the higher of the following:

- (i) The average of the weekly high and low of the closing prices of the equity shares quoted on the stock exchange during the six months preceding the "Relevant Date"; or
- (ii) The average of the weekly high and low of the closing prices of the equity shares quoted on the stock exchange during the two weeks preceding the "Relevant Date".

The "Relevant Date" means the date thirty days prior to the date on which this Annual General Meeting ("AGM") of the Company is held to consider amongst others, the proposed preferential issue under Section 81(1A) of the Act. As the date of this AGM of the Company is 23<sup>rd</sup> December, 2008, the "Relevant Date" is 22<sup>nd</sup> November, 2008.

The equity shares are proposed to be issued at Rs. 32.67 per equity share i.e. at a price not less than the price so determined under the said Guidelines.

**Information as required under Clause 13.1A of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 for the Preferential Issue is as under:**

**Object of the preferential offer:**

To implement One Time Settlement (OTS) package sanctioned by UTI, the company is required to issue 2,00,000 (Two Lakhs) equity shares at a price determined as per SEBI guidelines to UTI in future.

**Intention of Promoters/Directors/Key Management Persons to subscribe to the preferential offer:**

The Promoters/Directors/Key Management Persons of the Company will not subscribe to any securities through this preferential offer.

**Proposed time within which the allotment shall be completed:**

The allotment of the equity shares shall be completed within 15 days of the date of passing of the above special resolution, provided that where the allotment of such equity shares on preferential basis is pending on account of pendency of any approval by any Regulatory Authority, the allotment shall be completed within 15 days of such approval.

**Identity of the Proposed Allottee<sup>#</sup> and the percentage of post preferential issue capital that may be held by it:**

Name of the Proposed Allottee & their Identity <sup>#</sup>	% of Post Issue Shareholding
1. SuUTI - US 64	} 0.87%
2. SuUTI - ARF	
3. UTIMF - ULIP	
4. UTIMF - HUS 92	
5. UTIMF - BALANCED FUND	

**Shareholding Pattern before and after the proposed Issue.**

Category	Pre Issue		Post Issue	
	Number of Equity Shares	%	Number of Equity Shares	%
<b>A. Promoter Holding</b>				
1. Indian	1,35,91,160	59.45	1,35,91,160	58.94
2. Foreign	Nil	-	Nil	-
Total A	1,35,91,160	59.45	1,35,91,160	58.94
<b>B. Public Shareholding</b>				
1. Institutions				
(a) Mutual Funds	6,751	0.03	6,751	0.03
(b) Financial Institutions, Banks, Insurance Companies, Venture Capital Funds	18,76,143	8.21	18,76,143	8.13
(c) Central Govt./State Govt.(s)	Nil	-	Nil	-
(d) Foreign Institutional Investors / Foreign Venture Capital Investors	9,011	0.04	9,011	0.04
2. Non Institutions				
(a) Bodies Corporate	5,23,073	2.29	5,23,073	2.27
(b) Individuals	60,07,983	26.28	60,07,983	26.05
(c) Any Other:				
i) Foreign Nationals	387	0.00	387	0.00
ii) Clearing Members	34,183	0.15	34,183	0.15
iii) Non Resident Indians (Rept)	8,02,495	3.51	8,02,495	3.48
iv) Trust	100	0.00	100	0.00
Total B	92,60,126	40.51	92,60,126	40.15
C. Total (A + B)	2,28,51,286	99.96	2,28,51,286	99.09
<b>D. Investor – UTI Asset - Management Company Ltd.</b>	9,100	0.04	2,09,100	0.91
<b>GRAND TOTAL (C + D)</b>	<b>2,28,60,386</b>	<b>100.00</b>	<b>2,30,60,386</b>	<b>100.00</b>

The equity shares to be issued and allotted to Investors are subject to the Memorandum and Articles of Association of the Company. The equity shares so issued and allotted through this issue, shall rank *pari-passu* in all respect with, and carry the same rights including dividend as, the existing equity shares of the Company.

The aforementioned shareholding pattern may change from time to time depending upon the transfer of shares by existing shareholders of the Company.

**Pricing of the issue**

The issue of equity shares to UTI on preferential basis shall be at Rs. 32.67 per share. The issue price has been determined in accordance with the SEBI (DIP) Guidelines.

**Relevant Date**

The "Relevant date" for the purpose of determining the minimum price at which equity shares may be issued to UTI under the SEBI DIP Guidelines is 22<sup>nd</sup> November 2008.

**Lock in period**

The equity shares to be issued and allotted to UTI shall be subject to lock-in for a period of one year from the date of allotment of the equity shares or such reduced period as may be permitted under the applicable SEBI (DIP) Guidelines as amended from time to time.

**Auditors Certificate**

The Certificate of M/s. Shah & Co., Chartered Accountants, the Statutory Auditors of the Company, certifying that the issue of equity shares by way of preferential issue as mentioned in item no. 6, is being made in accordance with the requirements contained in Chapter XIII of the SEBI (Disclosure and Investor Protection) Guidelines, shall be laid before this Meeting.

As the proposal for issue of equity shares on a preferential basis will be in the interest of the Company, the Board of Directors recommend the passing of the Special Resolution contained in item no. 6 of the Notice.

None of the directors are interested or concerned in the Resolution.

**Item No. 7**

At the last Annual General Meeting held on December 18<sup>th</sup>, 2007 the shareholders approved the appointment of the Statutory Auditors, M/s. Shah & Co., Chartered Accountants from the conclusion of last Annual General Meeting till the conclusion of the next Annual General Meeting at a remuneration of Rs. 8,00,000/- (Eight Lakhs) plus service tax and reimbursement of actual out-of-pocket expenses. In view of extension of the Financial Year by 6 months from April 1<sup>st</sup>, 2008 to September 30<sup>th</sup>, 2008 the members are requested to approve an additional payment of Rs. 4,00,000 (Rupees Four Lakhs) fixed on prorata basis and reimbursement of out of pocket expenses incurred by them during the extended period.

None of the Directors are interested or concerned in the Resolution.

By Order of the Board of Directors

Manoj Koul  
Company Secretary &  
General Manager

Mumbai, 22nd November, 2008

**Registered Office:**

Naigaon, Post Waluj,  
Aurangabad - 431 133.

**Information on Directors retiring by rotation seeking re-appointment at this Annual General Meeting.**

Name of the Directors	Mrs. S. S. Garware	Ms. Sarita Garware	Mr. B. Moradian
Date of Birth & Age	09.12.1935 (73 years)	25.10.1967 (41 years)	13.11.1950 (58 years)
Appointed on	04.04.1996	24.12.1993	29.10.2001
Qualification	B.A.(Hons.) B.Ed.	M.B.A from European University in Switzerland	B.E. (Mech.) from VJTI, MMS from JBIMS.
Expertise in specific functional areas	<ul style="list-style-type: none"> <li>Marketing &amp; Exports</li> <li>Associated with Charitable &amp; Welfare Organisations</li> </ul>	<ul style="list-style-type: none"> <li>Specialisation in Marketing (Total Managerial Experience 16 years)</li> </ul>	<ul style="list-style-type: none"> <li>Marketing</li> <li>Productivity</li> <li>H.R.D.</li> <li>(Total Managerial-Experience - 33 years)</li> </ul>
Directorship held in other Companies	<ul style="list-style-type: none"> <li>Garware Industries Limited</li> <li>Lucky Trading &amp; Exports Limited</li> </ul>	<ul style="list-style-type: none"> <li>Garware Industries Limited</li> </ul>	<ul style="list-style-type: none"> <li>Essel Propack Limited</li> </ul>
Chairmanships/ Memberships of Committees across public companies	Nil	Garware Polyester Limited. Member- Share & Debenture Transaction cum Investor Grievances Committee.	Garware Polyester Limited. a) Chairman - Share & Debenture Transaction cum Investor Grievances Committee. b) Member - Audit Committee. c) Member - Remuneration Committee.

## DIRECTORS' REPORT FOR THE EIGHTEEN MONTHS PERIOD ENDED 30<sup>TH</sup> SEPTEMBER, 2008

### TO THE MEMBERS

Your Directors present the Fifty-first Annual Report together with the Audited Statement of Accounts of the Company for the eighteen months period ended 30<sup>th</sup> September 2008.

### Financial Results

(Rs. in Crores)

	April 2007 - September 2008 (18 months)		April 2006 - March 2007 (12 months)	
Operating Profit before Interest & Depreciation	78.25	149.99	46.30	82.56
Less : Interest & Financial Charges	49.10	127.35	31.14	77.44
Depreciation				
Profit for the period before Tax		22.64		5.12
Less : Income Tax	6.98		2.95	
Wealth Tax	0.09	7.07	0.04	2.99
Profit After Tax		15.57		2.13
Less : Extra ordinary item		6.16		0.00
Net Profit		9.41		2.13
Add : Balance brought forward from previous year		58.46		56.33
<b>Balance available for Appropriation</b>		<b>67.87</b>		<b>58.46</b>

Your Directors have not recommended any dividend for the 18 month period under review with a view to conserve resources to combat the impending liquidity crunch and to plough back profits to strengthen the net working capital.

### Operations

Gross sales increased by 11% (on annualized basis) from Rs. 909 crores to Rs.1507 crores. Local sales increased by 5%, and exports by 13% (on annualized basis). In local market there was pressure on prices and margins due to excess supply situation rise in crude oil prices leading to increase in raw material cost. Your Company was in a position to increase the sales and mitigate the pressure on margin to some extent.

### Future outlook

Growth of Polyester film in international market is expected at 3-4% p.a. In local market too, growth is estimated at the rate of 10% p.a. 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 two years 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.

The beginning of the recent slow down poses a challenge to the industry. Your Company expects to face the challenge by stepping up marketing efforts and initiating measures for mitigating risk factors such as Credit Risk, Market Risk, Country Risk while reviewing the sales policy on a continuous basis.

As regards Sun Control Film the growth of international and domestic market for Window films is expected to be 5% and 15% respectively. The glass industry continues to develop products with solar control and UV rejection properties and poses a threat to the Window film business. Nonetheless, Company's focus continues on Sun Control film exports. The Company can penetrate 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. 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. As stated earlier, your Company has set in process the necessary steps to combat the slow down.

### Financial Restructuring

In order to improve the debt profile and have a healthier balance sheet, your Company has undertaken financial re-structuring of its liabilities. Towards this your Company was successful in obtaining sanction for settlement proposals from Industrial Development Bank of India Limited (IDBI) and UTI Asset Management Company Limited (UTI). With this restructuring and other waivers obtained by the company, the balance sheet ratios have substantially improved, strengthening the financial health of the Company.

During the period under review, pursuant to One Time Settlement (OTS) package sanctioned by IDBI and UTI and in terms of Section 81(1A) of the Companies Act,1956;

- Company has allotted 10,19,022 equity shares of Rs. 10/- each at a premium of Rs. 48.88 per equity share, aggregating upto Rs. 6 Crores and 54,46,000 - 0.01% Cumulative Redeemable Preference Shares of Rs. 100/- each, aggregating upto Rs. 54.46 Crores to IDBI.
- Company is under process to issue 2,00,000 equity shares to UTI, subsequent to approval of members at the Annual General Meeting.

### 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 & sustainable business growth. With this end in view, the Company has implemented ERP (Kamat Soft) project for better business integration, hosted own centralized e-mail server, launched informative web site, installed CCTV for better security control, installed high speed connectivity for all plant locations for voice and data.

#### **Human Resource Development**

The company's HR policies and process 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.

#### **Quality Initiatives**

Your company is committed to quality and reliability. The quality system of the company provides an opportunity to compare performance with similar organization world-over, to learn and share best practices and strengthen relationship with customers.

#### **Corporate Social Responsibility**

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

#### **Subsidiaries**

Pursuant to Section 212 of the Companies Act, 1956 the accounts of Garware Polyester International Limited and Global Pet Films Inc., subsidiaries of the Company, are annexed.

#### **Safety, Health & Environmental Protection**

Your Company has sustained various activities, for continuous improvement in Safety, Health and Environment (SHE) at the work premises and surroundings, so as to maintain our commitment to be Responsible Corporate Citizen. These initiatives include-Periodic SHE inspections, audits and trainings, Energy conservation schemes, Substitution of fossil fuel by biomass fuel in boiler, and Field SHE promotional activities for enhancing employee participation. The Security system has been regularly upgraded.

#### **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 18 month period 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 for 18 months period and of the profit of the Company for that period;
- 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 accounts for the 18 month period on a going concern basis.

#### **Directors**

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

Mr. Gautam Doshi resigned from the directorship of the Company w.e.f. 04.08.2008. IDBI has withdrawn the nomination of Mr. S. N. Baheti from directorship of the Company w.e.f. 30.09.2008. The board places on record its sincere appreciation of the valuable guidance given by Mr. Gautam Doshi and Mr. S. N. Baheti during their tenure as Director of your Company.

#### **Audit Committee**

The Audit Committee comprises of two independent Directors viz. Mr. B. Moradian, Mr. Nimish G. Pandya and one wholetime Director Mr. M. S. Adsul.

#### **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 Financial Year**

Registrar of Companies has granted permission for extension of financial year by six months. The current financial year under review therefore comprises of 18 months w.e.f 01.04.2007 to 30.09.2008.

#### **Auditors**

The retiring Auditors, Messers Shah & Co., are eligible for re-appointment and have indicated their willingness to act as Auditors, if appointed. You are requested to appoint them as Auditors and fix their remuneration.

#### **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 period 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 whole-hearted 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

**S. B. GARWARE**  
Chairman & Managing Director

Mumbai, 6<sup>th</sup> November 2008



## 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 period under review-

1. Provision of VFD to CT fan in Central Utility Waluj to reduce power consumption in Central Utility Waluj.
2. Conversion of Single Effect VAHP machine to Double Effect machine to reduce F.O. consumption in Central Utility Waluj.
3. Commissioning of 40 TR, 100TR vapor compression machines to reduce F.O. consumption for VAHP machine in Central Utility Waluj.
4. Conversion of Boiler from F.O. firing to Briquette firing to reduce F.O. consumption in Waluj.
5. Optimization of Ejector Cooling Tower to reduce power consumption in Polyplant Waluj.
6. Palletizing return water pump replaced by high efficiency pump in Film Plant Chikalthana to reduce power consumption.
7. Optimization of compressor operation in Chikalthana Film Plant to reduce power consumption.
8. Provision of H.P. ejector in Polyplant Waluj to reduce F.O. consumption

### (B) TECHNOLOGY ABSORPTION

#### I. Research and Development (R & D) –

##### 1. Specific areas in which R & D carried out by the Company.

- a. Development of in-line coated base film for extrusion coated thermal lamination film
- b. Development of in-line coated release film
- c. Development of in-line coated film with high barrier properties
- d. Establishment of heavy metal free polyester film.

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

- a. Cost of final product reduced for the customer by eliminating one of the processes.
- b. Value added products developed
- c. Company is ready for the new FDA regulation in packaging industry

##### 3. Expenditure on R & D / Product Development

	(Rs. in Lakhs)
a. Capital (Excl. CWIP)	2.19
b. Recurring	210.67
Total	212.86

Total R & D expenditure as a percentage to total turnover. 0.25%

#### 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 EARNING 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 endeavor 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 established warehousing and marketing outfits in USA and UK.

#### II. Total Foreign Exchange used and earned (Rs. in Crores)

Used	: 63.13
Earned (FOB)	: 419.72

For and on behalf of the Board of Directors

**S. B. GARWARE**  
Chairman & Managing Director

Mumbai, 6th November, 2008

## CORPORATE GOVERNANCE REPORT

Your Company in terms of the listing agreement with Stock Exchange, Mumbai, has already implemented the Code on Corporate Governance introduced by the Securities and Exchange Board of India (SEBI). The Board of Directors have supported the broad principles of Corporate Governance and accordingly have implemented the same from the financial year 2001-2002.

## Company's philosophy on Code of Governance

The philosophy of the Company is to enhance the long-term economic value of the Company, its shareholders at large by adopting better corporate practices in fair and transparent manner. Given below is the report on corporate governance:

The Report on Corporate Governance is divided into six parts: -

- (1) Board of Directors – Composition
- (2) Committees of the Board
- (3) Remuneration of Directors
- (4) Disclosures (5) Means of Communication
- (6) Shareholder information

1. COMPOSITION OF THE BOARD OF DIRECTORS (as on 30<sup>th</sup> September, 2008)

Category	Name of the Director	No. of Shares held as on 30th September 2008	No. of Directorship in Public Limited Companies*	No. of Chairmanship of Committees (Both Listed/Unlisted Public Companies)#	Committee membership #
Non - Independent Executive	1. Shri S.B. Garware	14,48,890	4	-	-
	2. Mrs. M. Garware Modi	5,04,430	6	-	-
	3. Ms. Sarita Garware	4,59,345	2	-	1
	4. Mr. M.S. Adsul	25	2	-	-
Independent Non-Executive	1. Mr. S.N. Baheti +	-	3	-	1
	2. Mr. Nimish Pandya **	-	2	1	1
	3. Mr. B Moradian ***	-	2	1	1
	4. Mr. N.P. Chapalgaonkar	-	1	-	-
	5. Mr. Dilip J. Thakkar	-	12	5	9
Non-Independent Non-Executive	1. Mrs. S.S. Garware	1,06,528	3	-	-
	2. Ms. Sonia Garware	4,12,514	2	-	-

+ IDBI has withdrawn the nomination Mr. S. N. Baheti w.e.f 30.09.2008.

\*\* Chairman of Audit Committee

\*\*\* Chairman of Share & Debenture Transactions cum Investors' Grievances Committee

\* This excludes directorship held in Private Companies, Foreign Companies, Companies formed under section 25 of the Companies Act, 1956 and directorship held as an alternate director but includes directorship in Garware Polyester Limited.

# Committee of Directors include Audit Committee and Shareholders/ Investor Grievance Committee of Directors only. This includes membership/ chairmanship in Committee of Directors of Garware Polyester Limited.

## BOARD MEETINGS

The Company places before the Board all the relevant and necessary data/information at its meetings such as production, sales, exports, review of business, any legal proceedings by/against the Company, share transfers, quarterly financial results, minutes of: (a) previous Board Meetings, (b) Audit Committee Meetings, (c) Share & Debenture Transactions cum Investors' Grievances Committee Meetings, (d) Remuneration Committee Meetings and such other relevant information.

During the period under review, six Board Meetings were held as per details given below:

## Board Meetings

Sr. No.	Date	Board Strength	No. of Directors Present.
1	30.04.2007	11	4
2	31.07.2007	12	6
3	31.10.2007	12	7
4	30.01.2008	12	6
5	29.04.2008	12	8
6	29.07.2008	12	6

The last Annual General Meeting (AGM) was held on 18th December, 2007.