



Garware
Polyester Limited

ANNUAL REPORT
2009-2010



Garware
polyester Limited

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

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

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

AUDITORS : Shah & Co.
Chartered Accountants

Bhandari Dastur Gupta & Associates
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 Third Annual General Meeting of the members of **GARWARE POLYESTER LIMITED** will be held at the Registered Office of the Company on Wednesday, 29th September, 2010 at 11.30 a.m. at Naigaon, Post Waluj, Aurangabad - 431133, to transact the following businesses:

Ordinary Business:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2010 and the Profit and Loss Account for the six months period ended on that date and the reports of the Board of Directors and the Auditors thereon.
2. To declare a dividend on preference and equity shares.
3. To appoint a Director in place of Mr. Dilip J. Thakkar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. M. C. Agarwal, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. M. S. Adsul, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint the retiring auditors as auditors of the Company to hold the office from the conclusion of this annual general meeting till the conclusion of the next annual general meeting and fix their remuneration.

By Order of the Board of Directors

Manoj Koul

*Company Secretary &
General Manager*

Mumbai
05th August, 2010

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 Saturday, 18th September 2010 to Wednesday, 29th September 2010 (both days inclusive).
5. The 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 29th September, 2010, in respect of shares held in physical form and in respect of shares

held in the electronic form, to those 'Deemed Members' whose names appear in the statement of Beneficial Ownership furnished by the National Securities Depository Services Ltd. (NSDL) and the Central Depository Services (India) Ltd. (CDSL) at the end of business hours on 17th September, 2010.

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 2003-04 and 2004-05 is still lying in the respective unpaid dividend accounts of the Company. Members who have not encashed the dividend warrants for the said Financial Years, are requested to contact the Company's Registrars and Share Transfer Agents, Link Intime India Private Limited.
9. Unclaimed dividend for the Financial Year 2003-04 is due for transfer to the IEPF in the year 2011. 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.

By Order of the Board of Directors

Manoj Koul

*Company Secretary &
General Manager*

Mumbai
05th August, 2010

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	Mr. Dilip Thakkar	Dr. M. C. Agarwal	Mr. M. S. Adsul
Date of Birth & Age	01.10.1936 (74 years)	23.10.1946 (64 years)	01.06.1955 (55 years)
Appointed on	30.04.2007	29.04.2009	31.07.2007
Qualifications	Chartered Accountant	Masters in Psychology. Ph. D	B.Sc. (Tech.) in plastics & DBM
Expertise in specific functional areas	Taxation & Foreign Exchange Regulation	HRD	Product Development & Production
Directorship(s) held in other public companies	<ol style="list-style-type: none"> 1. Poddar Developers Ltd., 2. Panasonic Energy India Co. Ltd. 3. Essar Oil Ltd. 4. Thirumalai Chemicals Ltd. 5. The Ruby Mills Ltd. 6. PAE Ltd. 7. Himatsingka Seide Ltd. 8. Indo Count Industries Ltd. 9. Walchandnagar Industries Ltd. 10. Essar Shipping Ports & Logistics Ltd. 11. Modern India Ltd. 12. Aegis Ltd. 13. Premier Ltd. 	—	<ol style="list-style-type: none"> 1. Garware Chemicals Ltd. 2. Garware Industries Ltd.
Memberships / Chairmanships of Committees across public companies	<ol style="list-style-type: none"> 1. Panasonic Energy India Co. Ltd. 2. Essar Oil Ltd. 3. Thirumalai Chemicals Ltd. 4. PAE Ltd. 5. Himatsingka Seide Ltd. 6. Walchandnagar Industries Ltd. 	<ol style="list-style-type: none"> 1. Garware Polyester Ltd. 	<ol style="list-style-type: none"> 1. Garware Polyester Ltd. 2. Garware Chemicals Ltd. 3. Garware Industries Ltd.
Shareholding in the Company.	NIL	NIL	-75-

DIRECTORS' REPORT FOR THE PERIOD ENDED MARCH 31, 2010

TO THE MEMBERS,

Your Directors present the Fifty-Third Annual Report together with the Audited Statement of Accounts of the Company for the year (six months period) ended 31st March, 2010.

Financial Results

(Rs. in Crores)

	October 2009- March 2010 (6 months)		October 2008-September 2009 (12 months)	
Operating Profit before interest & Depreciation		57.85		108.04
Less: Interest & Financial Charges	16.34		52.59	
Depreciation	16.09	32.43	32.47	85.06
Profit for the period before Tax		25.42		22.98
Less: Income Tax	0.00		12.30	
Wealth Tax	0.05	0.05	0.05	12.35
Profit after Tax		25.37		10.63
Add: Balance brought forward from previous year		75.79		67.87
Balance available for Appropriation		101.16		78.50
Appropriation:				
Transfer to General Reserve		1.30		0.00
Dividend on Redeemable Preference Shares (*Rs. 27,230/-)		0.00 *		0.01
Proposed Dividend - Equity Shares		3.46		2.31
Tax on Dividend		0.58		0.39
Balance carried to Balance Sheet		95.82		75.79
		101.16		78.50

Dividend

Your Directors recommend for consideration at the Annual General Meeting, declaration of dividend for the year (six months period) ended 31st March, 2010 as under :

- On 54,46,000 0.01% Cumulative Redeemable Preference Shares of Rs.100/-each and
 - On 2,30,60,386 equity shares of Rs.10/- each @ 15% (i.e. Rs.1.50/- per equity share).
- The above will absorb Rs. 403.68 lakhs (including Tax).

Operations

Local sales increased by 5.43%, and exports have increased by 24.45% (on annualized basis) due to improved demand of Plain Polyester Film in domestic market with specific improved demand in automobile sector and improved global economic conditions. 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 as a combine results of all 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 purchases of packaged foods and goods, growing demand for polyester films in applications such as electrical cables, motor insulators, lamination for automobiles and building glass windows is expected to fuel growth of polyester films. In International market, it is expected at 4-6% per annum. Local market growth is estimated at the rate of 10-14% per annum. The growth in domestic market is expected to be

higher due to boom in retail outlets. 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.

Various new products such as Nano, Ceramic and IR films launched in the market have revealed wide acceptance worldwide. The local market continues to show robust growth due to car kits.

Research & Development

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

Information Technology

Company believes that IT is a strategic tool for excellence in customer service and sustainable business growth. With this end in view, the Company has implemented SAP for better business integration by replacing legacy standalone systems. To start with some of the modules are being implemented which will be extended further in due course of time.

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

Awards and Recognitions

During the period, your Company has been awarded highest recognition for Top Exporter of Polyester Film for the year 2007-08 and 2008-09 by Plastic Export Promotion Council (Plexcouncil), sponsored by the Ministry of Commerce and Industry, Government of India.

During the period, your Company has received the highest recognition of National Energy Conservation award first prize from the Ministry of Power, Government of India in appreciation of achievements in energy conservation in Plastic sector for the year 2009.

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.

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

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 has brought various safety laurels from the Government authorities on the state and national level in this period. 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

Mr. Dilip Thakkar, Dr. M. C. Agarwal and Mr. M. S. Adsul, retire by rotation and being eligible, offer themselves for re-appointment.

Audit Committee

Besides Mr. M. S. Adsul, the Audit Committee comprises of two independent Directors viz. Mr. B. Moradian and Dr. M. C. Agarwal. 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.

Change in Financial Year

Company has been following the financial year from 1st October to 30th September. In order to be in line with accounting year under the Income Tax Act, 1961, the Company has changed the financial year from (1st October - 30th September) to (1st April - 31st March). Due to this change, the reporting financial year of the Company comprises of six months period from 1st October 2009 till 31st March 2010.

Auditors

The retiring joint auditors, M/s. Shah & Co., and M/s. Bhandari Dastur Gupta & Associates are eligible for re-appointment and have indicated their willingness to act as auditors, if appointed. The Company has received letters from both the auditors to the effect that their re-appointment, if made, would be within the prescribed limits 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.

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.

Group

The names of the Promoters and entities comprising "Group" as defined under the Monopolies and Restrictive Trade Practices ("MRTP") Act, 1969 are disclosed as under for the purpose of Regulation 3(1) (e)(i) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

Name

Shri S. B. Garware
Mrs. S. S. Garware
Mrs. Monika Garware Modi
Ms. Sarita Garware
Ms. Sonia Garware
Monika Holdings Pvt. Limited.
Sarita Garware Investments Consultants Pvt. Limited.
Soniya Holdings Pvt. Limited.
Garware Industries Limited
Garware Chemicals Limited
Shashvat Investments Consultancy & Properties Private Limited
Lucky Trading & Exports Limited
Great Design Properties Private Limited
Envision Properties Private Limited
Best Design Properties Private Limited
Via Investment Consultants Private Limited
Naigaon Chemicals Private Limited
Garware Polyester International Limited

Global Pet Films Inc.
B. D. Garware Research Center
Garware Charitable Trust
S. B. Garware Family Trust
Sheela Garware Family Trust
Monika Garware Modi Benefit Trust
Sarita Garware Benefit Trust
Sonia Garware Benefit Trust

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 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
05th August, 2010

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 :

Following successful energy conservation efforts were made during the year under review ;

1. Thermic heater efficiency optimization carried out in Central Utility and started using cooling water in the place of chilled water in some areas.
2. Commissioning of Biomass fired Boiler.
3. Use of emulsified furnace oil for thermic fluid heater.
4. Provision of VFD to TDO oven blower.
5. Secondary hot oil pump impeller trimming in Film Plant.

(B) TECHNOLOGY ABSORPTION

I. Research and Development (R&D) –

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

- a) Development of coated products for enhanced adhesion to various inks- (e.g.UV, PVB, thermal, toner based and laminating adhesives)
- b) Development of catalyst and thermal stabilizers for PET film to make it FDA approved
- c) Development of speciality polymer as import substitute.

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

Value added products developed

3. Expenditure on R&D / Product Development

	(Rs. in Lakhs)
a. Capital (Excl. CWIP)	Nil
b. Recurring	104.70
Total	104.70
Total R&D expenditure as a percentage to total turnover:	0.33 %

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 established warehousing and marketing outfits in USA and UK.

II. Total Foreign Exchange used and earned

	(Rs. in Crores)
Used	13.05
Earned (FOB)	118.80

For and on behalf of the Board of Directors

Mumbai
05th August, 2010

S. B. GARWARE
Chairman & Managing Director

CORPORATE GOVERNANCE REPORT

In compliance with Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited.

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. The Company recognises effective corporate governance as critical to achieving corporate goals and increasing the Company's value.

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) General Shareholder information |

1. COMPOSITION OF THE BOARD OF DIRECTORS

Category	Name of the Director	No. of Shares held as on 31st March 2010	No. of Directorship (s) in Public Limited Companies**	No. of Chairmanship (s), of Committees (Both Listed/Unlisted Public Companies)#	Committee membership s) #
Non – Independent Executive	1. Shri S. B. Garware	14,48,890	4	–	–
	2. Mrs. M. Garware Modi	5,04,430	7	–	–
	3. Ms. Sarita Garware	4,59,345	2	–	1
	4. Mr. M. S. Adsul	75	3	–	1
Independent Non- Executive	1. Mr. Dilip J. Thakkar	–	14	5	5
	2. Mr. B. Moradian *	–	2	2	–
	3. Mr. N. P. Chapalgaonkar	–	1	–	–
	4. Dr. M. C. Agarwal	–	1	–	2
	5. Mr. Ramesh P. Makhija	–	2	–	–
Non-Independent Non-Executive	1. Mrs. S. S. Garware	1,06,528	3	–	–
	2. Ms. Sonia Garware	4,12,514	2	–	–

* Chairman of Audit Committee and Share & Debenture Transactions cum Investors' Grievances Committee.

** This excludes directorship held in Private Companies, Foreign Companies, and 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 include 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 it's 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 Meeting and such other relevant information.

During the period under review commencing w.e.f 1st October, 2009 two Board Meetings were held as per details given below:

Board Meetings

Sr. No.	Date	Board Strength	No. of Directors Present
1.	12.11.2009	11	8
2.	28.01.2010	11	7

The previous Annual General Meeting (AGM) was held on 28th December 2009.

The attendance of Directors at the Board Meetings, and at the aforesaid Annual General Meeting was as under:

Name of Directors	Number of Board Meetings attended	Whether present at the previous AGM
Shri S. B. Garware	2	NO
Mrs. S. S. Garware	2	NO
Mrs. M. Garware Modi	–	NO
Ms. Sarita Garware	2	NO
Ms. Sonia Garware	2	NO
Mr. M. S. Adsul	1	YES
Mr. Dilip J. Thakkar	–	NO
Mr. B. Moradian	2	YES
Mr. N. P. Chapalgaonkar	1	YES
Dr. M. C. Agarwal	2	NO
Mr. Ramesh P. Makhija	1	NO