



# **Garware**

## **Polyester Limited**

**ANNUAL REPORT**  
**2011-12**

### **GREEN INITIATIVE IN CORPORATE GOVERNANCE**

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

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

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

**BANKERS** : Indian Overseas Bank  
Dena Bank  
The Federal Bank Limited  
Bank of India

**AUDITORS** : Shah & Co.  
Chartered Accountants

**SOLICITORS & ADVOCATES** : Crawford Bayley & Co.

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

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

**WORKS** : L-5 & L-6, Chikalthana Industrial Area,  
Dr. Abasaheb Garware Marg, Aurangabad 431 210.  
  
Naigaon, Post Waluj, Aurangabad 431 133.  
  
A-1 & A-2, MIDC, Ambad, Nasik 422 010.

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

**REGISTRARS & TRANSFER AGENTS** : Link Intime India Private Limited.



## NOTICE

NOTICE IS HEREBY GIVEN THAT the 55<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, 5th September, 2012 at 11.30 a.m. at Naigaon, Post Waluj, Aurangabad - 431 133 to transact the following businesses:

### Ordinary Business:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2012 and the Profit and Loss Account for the year ended on that date and the reports of the Board of Directors and the Auditors thereon.
2. To declare dividend on preference and equity shares.
3. To appoint a Director in place of Mrs. M. Garware Modi, who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint a Director in place of Mr. Dilip J. Thakkar, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. N. P. Chapalgaonkar, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Mr. Ramesh P. Makhija, who retires by rotation and being eligible, offers himself for re-appointment.
7. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:-  
"RESOLVED THAT pursuant to the provisions of Section 224A of the Companies Act, 1956, M/s. Shah & Co., Chartered Accountants, the retiring auditors of the Company be and are hereby appointed as auditors of the Company to hold the office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on a remuneration as may be mutually agreed upon between the Board of Directors of the Company and Auditors, plus traveling and out of pocket expenses actually incurred by the Auditors in connection with the audit work".

### Special Business:

8. To consider and if thought fit, to pass with or without modification(s), as a Special Resolution, the following:  
"RESOLVED THAT subject to the provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of Central Government and such other approvals as may be required, consent of the Company be and it is hereby accorded to the appointment of Miss Sonia Garware as Joint Managing Director of the Company for a term of five years with effect from 1st September, 2012 and that the draft agreement between the Company and Miss Sonia Garware, setting out the terms and conditions including remuneration placed before the meeting duly initialled by Mr. A. B. Bhalerao, Director of the Company, for the purpose of identification, be and it is hereby approved.  
RESOLVED FURTHER THAT if in any financial year during the currency of the tenure, the Company has no profits or the profits of the Company are inadequate, the Company will pay to Miss Sonia Garware the remuneration as specified in the aforesaid draft Agreement as and by way of minimum remuneration."
9. To consider and if thought fit, to pass with or without modification(s), as a Special Resolution, the following:  
"RESOLVED THAT subject to the provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of Central Government and such other approvals as may be required, consent of the Company be and it is hereby accorded

to the re-appointment of Mr. M. S. Adsul to the office of Whole-time Director of the Company designated as Director - Technical for a term of five years with effect from 1st August, 2012 and that the draft agreement between the Company and Mr. M. S. Adsul, setting out the terms and conditions including remuneration placed before the meeting duly initialled by Mr. A. B. Bhalerao, Director of the Company, for the purpose of identification, be and it is hereby approved.

RESOLVED FURTHER THAT if in any financial year during the currency of the tenure, the Company has no profits or the profits of the Company are inadequate, the Company will pay to Mr. M. S. Adsul the remuneration as specified in the aforesaid draft Agreement as and by way of minimum remuneration."

10. To consider and if thought fit, to pass, with or without modification(s), as an ordinary resolution, the following:  
"RESOLVED THAT Messrs Chaturvedi & Shah, Chartered Accountants, be and are hereby appointed as the Joint Auditors of the Company together with Messrs Shah & Co., Chartered Accountants from conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting at such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the said Messrs Chaturvedi & Shah, plus traveling and out of pocket expenses actually incurred by the Auditors in connection with the audit work."

By Order of the Board of Directors

Mumbai,  
29th June, 2012

**Manoj Koul**  
Company Secretary &  
Sr. General Manager

### Registered Office

Naigaon, Post Waluj,  
Aurangabad – 431 133.

### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (the 'Meeting') IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND TO VOTE ONLY ON A POLL INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument appointing proxy should be deposited at the Registered Office of the Company not less than forty-eight hours before the time fixed for the Meeting.
3. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to Item No. 8 to 10 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 Saturday, 25th August 2012 to Tuesday, 04th September 2012 (both days inclusive).
6. 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 04th September, 2012, 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 (India) Ltd. (NSDL) and the Central Depository Services (India) Ltd. (CDSL) at the end of business hours on 24th August, 2012.
7. Members are requested to notify immediately any change in their addresses directly to their Depository Participant in case they hold

shares in dematerialised form or to the Company's Registrars & Share Transfer Agents, in case they hold shares in physical form.

8. Pursuant to the provisions of Sections 205A and 205C of the Companies Act, 1956, the dividend which remains unclaimed / unpaid for a period of seven years from the date of transfer to the respective unpaid dividend accounts, is required to be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government.
9. Unclaimed dividend for the Financial Years 2004-05, 2008-09, 2009-10 and 2010-11(Interim & Final) are still lying in the respective unpaid dividend accounts of the Company. Members, who have not encashed the dividend warrants for the said Financial Years, are requested to contact the Company's Registrar and Share Transfer Agents, Link Intime India Private Limited at the address provided in point no. 11 below.
10. Unclaimed dividend for the Financial Year 2004-05 is due for transfer to the IEPF in November 2012. Kindly note that no claims shall be lie against the Company or the IEPF after such transfer.
11. Members holding shares in physical form are requested to forward all applications for transfer and all other shares related correspondence, including intimation for change of address, if any, to the 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.

12. In terms of the Regulations of NSDL & CDSL, the Bank Account details of Beneficial Owners of Shares in demat form will be printed on the dividend warrants as furnished by the Depository Participants (DP). The Company will not entertain any request for change of bank details printed on their dividend warrants. In case of any changes in your bank details, please inform your DP immediately.
13. To prevent fraudulent encashment of dividend warrants, members are requested to provide their Bank Account Detail(s) (if not provided earlier) to the Company (if shares held in physical form) or to DP (if shares held in demat form), as the case may be, for printing of the same on their dividend warrants.

Notice of AGM and copies of Audited Financial Statements, Directors' Report, Auditors' Report will also be displayed on the company's website [www.garwarepoly.com](http://www.garwarepoly.com).

### ANNEXURE TO THE NOTICE

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

##### Item No. 8

Miss Sonia Garware was appointed as an Additional Director on the Board of the Company with effect from 31st January, 2007 under Article 121 of the Articles of the Association of the Company and under Section 260 of the Companies Act, 1956 and her appointment was regularized in the Annual General Meeting held on 18th December, 2007.

Miss Sonia Garware has been associated with the Company from 1997. She bears an excellent academic career. Miss Sonia Garware is a M.B.A. with triple major in Finance, Marketing & Strategy from Boston College, U.S.A. Under her stewardship, the performance of Sun Control film division has improved substantially. Miss Sonia Garware was instrumental in branding Sun Control film in U.S.A.

The Board of Directors of the Company at its Meeting held on 29th June, 2012 appointed Miss Sonia Garware as Joint Managing Director for a term of five years with effect from 1st September, 2012, on the terms and conditions including remuneration as set out in the draft Agreement, subject to necessary approvals. The draft Agreement between the Company and Miss Sonia Garware, inter-alia, contains the following terms and conditions:-

- a) Salary : Rs. 6,00,000/- per month (With an annual increase of 10% per annum with effect from 1st September, 2013 till the expiry of term of her agreement).
- b) Commission : Miss. Sonia Garware will be paid commission, equivalent to the annual salary, in addition to salary and perquisites, based on the net profits of the Company in a particular year in accordance with the provisions of Sections 198 and 309 of the Companies Act, 1956.
- c) Perquisites : Miss Sonia Garware will be entitled to furnished housing accommodation, gas electricity, water and furnishing and other perquisites such as reimbursement of medical expenses incurred for self and family, leave travel concessions for self and family once in a year, club fees, personal accident insurance, provision of a car with driver, telephone at residence etc. The monetary value of the perquisites will be calculated in accordance with the Income Tax Rules. The aggregate value of the above perquisites shall be restricted to a maximum of 30% of salary.

Miss Sonia Garware shall also be entitled to the following perquisites which shall not be included in the computation of the ceiling on remuneration: -

- i) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these, either singly or put together, are not taxable under the Income Tax Act, 1961.
  - ii) Gratuity payable at the rate not exceeding half a month's salary for each completed year of service.
  - iii) Encashment of leave at the end of her tenure.
- d) Miss Sonia Garware will be entitled to leave on full remuneration as per the rules of the Company but not exceeding one month's leave for every 11 months of service.
  - e) Miss Sonia Garware will also be entitled to reimbursement of entertainment expenses actually incurred by her in the course of business of the Company.
  - f) Miss Sonia Garware will also be entitled to receive from the Company traveling, hotel and other expenses incurred by her in performance of her duties on behalf of the Company.
  - g) Miss Sonia Garware will not, so long as she functions as such, become interested or otherwise concerned directly in any selling agency of the Company in future without the prior approval of the Central Government.

The remuneration payable to Miss Sonia Garware as Joint Managing Director has been approved by the Remuneration Committee of the Board of Directors at its meeting held on 29th June, 2012.

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

Miss Sonia Garware is concerned or interested in the Resolution. Mr. S. B. Garware, Mrs. S. S. Garware, Mrs. M. Garware Modi and Ms. Sarita Garware, Directors of the Company, being related to Miss Sonia Garware, may be deemed to be concerned or interested in the Resolution. Save as aforesaid, none of the Directors of the Company is, in any way, concerned or interested in the Resolution.

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

Your Directors recommend this resolution.

#### Item No. 9

Mr. M. S. Adsul was appointed as Whole – time Director, designated as Director – Technical, on 1st August 2007 for a tenure of five years. As such, his term expires on 31st July, 2012. The Remuneration Committee and the Board of Directors of the Company at their respective meetings held on 29th June, 2012, re-appointed Mr. M. S. Adsul as a Whole-time Director of the Company, designated as Director- Technical, for a further period of five years commencing from 1st August 2012, on the terms and conditions including remuneration as set out in the agreement subject to the necessary approvals.

The salient features of the agreement between the Company and Mr. M. S. Adsul, are set out below: -

(a) Salary : Rs. 1,50,000/- per month or higher amount as may be approved by the Board of Directors or its Committee from time to time not exceeding Rs. 3,00,000/- per month.

(b) Perquisites : Mr. M.S. Adsul will, in addition to salary be entitled to housing accommodation or house rent allowance and other perquisites such as reimbursement of medical expenses incurred for self and family, leave travel concession for self and family once in a year, provisions of a car with driver, telephone at residence and, other allowances as per the rules of the Company. Perquisites shall be evaluated as per Income-Tax rules, wherever applicable.

Mr. M.S. Adsul shall also be entitled to the following perquisites, which shall not be included in the computation of the ceiling on remuneration:-

(i) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax act, 1961.

(ii) Gratuity payable at the rate not exceeding half a month's salary for each completed year of service.

(iii) En-cashment of leave at the end of his tenure.

(c) Mr. M. S. Adsul will be entitled to leave on full remuneration, as per the rules of the Company, but not exceeding one month's leave for every 11 months of service.

(d) Mr. M. S. Adsul will also be entitled to reimbursement of entertainment expenses actually incurred by him in the course of business of the Company.

(e) Mr. M. S. Adsul will also be entitled to receive from the Company travelling, hotel and other expenses incurred in performance of the duties on behalf of the Company.

(f) In the event of any dispute or difference arising at any time between Mr. M. S. Adsul and the Company in respect of the Agreement or the construction thereof, the same shall be

submitted to and be decided by arbitration in accordance with the provisions of the Arbitration and Conciliation Act, 1996.

(g) Mr. M. S. Adsul will not, so long as he functions as such, become interested or otherwise concerned directly in any selling agency of the company in future without the prior approval of the Company Law Board.

(h) In the event of inadequacy or absence of profit, his remuneration shall be governed by the provisions of Schedule XIII of the Companies Act, 1956.

(i) This Agreement can be terminated by giving one month's Notice on either side.

The Draft Agreement referred to in the resolution under item No. 9 of the Notice will be open for inspection by the Members at the Registered Office of the Company on any working day between 11.00 a.m. and 1.00 p.m. prior to the date of the meeting.

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

Mr. M.S. Adsul is concerned or interested in the Resolution under Item No.9 of the Notice. Save as aforesaid, none of the other Directors of the Company is, in any way, concerned or interested in this Resolution.

Your Directors recommend this resolution.

#### Item No. 10

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

The Board of Directors accordingly recommend the resolution set out in Item No.10 of the accompanying notice for approval of the members.

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

By Order of the Board of Directors

Mumbai,  
29th June, 2012

**Manoj Koul**  
Company Secretary &  
Sr. General Manager

#### Registered Office

Naigaon, Post Waluj,  
Aurangabad – 431 133.

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

Name of the Director	Mrs. M. Garware Modi	Ms. Sonia Garware	Mr. M. S. Adsul	Mr. Dilip Thakkar	Mr. N.P.Chapalgaonkar	Mr. Ramesh P. Makhija
Date of Birth & Age	04.06.1963 (49 years)	24.07.1971(41 years)	01.06.1955 (57 years)	01.10.1936 (76 years)	10.04.1937 (75 years)	19.08.1950 ( 62 years)
Appointed on	31.03.1989	31.01.2007	01.08.2007	30.04.2007	23.10.2003	12.11.2009
Qualifications	M.B.A. (U.S.A.)	M.B.A. (U.S.A.)	B.Sc. (Tech) in plastics & DBM	Chartered Accountant	M.A. & L.L.B	L.L.B. Attorney – at - Law
Expertise in specific functional areas	Finance and Marketing	Finance, Marketing & Strategic Management	Product Development & Production	Taxation & Foreign Exchange Regulation	Retd. Judge of Bombay High Court	Law
Directorship held in other public companies	1. Garware Industries Ltd. 2. Cadila Pharmaceuticals Ltd. 3. Casil Industires Ltd. 4. Casil Health Products Ltd. 5. IRM Ltd. 6. Karnavati Engineering Ltd.	1. Garware Industries Ltd.	1. Garware Chemicals Ltd. 2. Garware Industries Ltd.	1. Poddar Developers Ltd. 2. Panasonic Energy India Co. Ltd. 3. Essar Oil Ltd. 4. The Ruby Mills Ltd. 5. PAE Ltd. 7. Himatsingka Seide Ltd. 8. Indo Count Industries Ltd 9. Walchandnagar Industries Ltd. 10. Essar Ports Ltd. 11. Premier Ltd. 12. Magus Estates & Hotels Ltd.	–	1. I-flex Solutions Trustee Co. Ltd.
Memberships/ Chairmanships of Committees across public companies	NIL	NIL	1. Garware Polyester Ltd. 2. Garware Chemicals Ltd. 3. Garware Industries Ltd.	1. Panasonic Energy India Co. Ltd. 2. Essar Oil Ltd. 3. PAE Ltd. 4. Himatsingka Seide Ltd. 5. Walchandnagar Industries Ltd.	—	–
Shareholding in the Company	1,87,500	1,87,500	85	NIL	NIL	NIL



## DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2012

### TO THE MEMBERS,

Your Directors present the 55<sup>th</sup> Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March, 2012.

### Financial Results

(Rs. in Crores)

	2011 - 2012		2010 - 2011	
Operating Profit before interest & Depreciation		103.77		290.94
Less: Finance Cost	28.33		23.93	
Depreciation	41.71	70.04	39.65	63.58
Profit for the year before Exceptional Item		33.73		227.36
Exceptional items		(1.34)		16.36
Provision for Income Tax		0.00		22.55
Profit After Tax		35.07		188.45
Add : Balance brought forward from previous year		239.93		95.83
<b>Balance available for Appropriation</b>		<b>275.00</b>		<b>284.28</b>
<b>Appropriation:</b>				
Transfer to General Reserve		1.75		18.85
Dividend on Redeemable Preference Shares (*Rs.54,460/-)		0.01		0.00*
Interim Dividend		0.00		1.89
Proposed Final Dividend on Equity Shares		3.50		19.82
Tax on Dividend		0.57		3.79
<b>Balance carried to Balance Sheet</b>		<b>269.18</b>		<b>239.93</b>
<b>Total</b>		<b>275.00</b>		<b>284.28</b>

### Dividend

Your Directors recommend for consideration at the Annual General Meeting, declaration of dividend for the year ended 31st March, 2012 as under:

- On 54,46,000 0.01% Cumulative Redeemable Preference Shares of Rs. 100/- each and
  - On 2,33,15,150 equity shares of Rs. 10/- each @ 15% (i.e. Rs. 1.50 per equity share).
- The above will absorb Rs. 407.09 lakhs (including Tax)

### Operations

Compared to previous year which was exceptionally good, there was a decline in the sales by 11.60% due to (a) ban imposed on usage of polyester film for 'Gutka' / 'Pan Masala' packaging (b) Uncertainty in the advanced economies (c) Continuing Euro debt crisis and (d) over all slow down in the industry growth due to slackening of demand, policy uncertainty and tighter monetary conditions.

### Future outlook

Market conditions continue to be difficult however our emphasis is on growing our export activity. We expect to maintain our edge over competitors. Our Sun Control products have received wide acceptance world over and our focus on the Chinese and Russian market are paying rich dividends, however recent ban on use of films in Automotive has impacted us adversely. We are trying to rectify the situation however the same continues to be unclear.

### Increase in Paid-up Equity Share Capital.

The Scheme of Arrangement approved by the Hon'ble High Court of Bombay vide it's order dated 21st October, 2011 between Garware Chemicals Limited (GCL) with the Company, pursuant to which 2,54,764 equity shares of Rs. 10/- each as fully paid up were allotted to the members of GCL (other than the Company). Hence the paid-up equity share capital of the Company has increased to that extent.

### 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.

Research & Development Department is functioning from 1988 onwards in Garware Polyester Limited.

- It is approved by Department of Science and Industrial Research (DSIR), Government of India.
- It plays very vital role in development of new products/process required for future business.
- It is well equipped with various Pilot Plants and Testing facilities required for Product Development.
- Our Research & Development Department have skilled and specialized work force for various developmental areas.

### Functioning of R & D Department: -

- Development of various polymers and co-polymers synthesis for extrusion / co-extrusion and coating.
- Development of various films by extrusion and co-extrusion.
- Development of various coating chemistries for in-line and off-line coating.
- Development of various additives and master batches for specialty films.

### Information Technology (IT)

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

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

### Awards and Recognitions

During this year, your Company has been honoured with eleven Safety Awards at National as well as State Levels by various Government Authorities, viz. Director General of Factory Advice Service & Labour Institutes (DGFASLI, under the Ministry of Labour & Employment, Government of India), National Safety Council of India (NSCI), and Maharashtra State Chapter of National Safety Council (NSC – MC). Out of these eleven awards, two awards were won by the Company's employees for their contribution in State Level Safety Slogan Competition.

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

### Subsidiaries Companies and their Financial Statements

Garware Polyester International Limited - UK and Global Pet Films Inc.- USA, continue to be the subsidiaries of the Company. The Ministry of Corporate Affairs, Government of India vide General Circular No: 2/2011 dated 8th February, 2011 has allowed general exemption to Companies from complying with Section 212(8) of the Companies Act, 1956, provided such companies publish audited consolidated financial statements in the Annual report. Your Board has decided to avail the said general exemption from applicability of provisions of Companies Act, 1956 and accordingly, the Annual Accounts of the above Subsidiary Companies for the financial year ended 31st March, 2012 are not being attached with this Annual Report and the specified financial highlights of the said Subsidiaries are disclosed in this Annual Report, as part of the Consolidated Financial Statements. The Audited annual accounts and related information of the subsidiaries will be made available, upon request and also be open for inspection at the Registered Office, to any shareholder with sufficient notice and on payment of prescribed fees as per the provisions of the law.

### Safety, Health & Environmental Protection

Being a Responsible Corporate Citizen, your Company has continued to sustain various initiatives for the continual improvement in Safety, Environment and Health (SEH) at the works and surroundings. Some of the prominent activities include - Internal Safety Audit of plants (as per Indian Standard on Occupational Safety and Health Audit: IS-14489), periodical SEH inspections and trainings, schemes on the efficient usage of energy and the conservation of natural resources, activities for the enhancement of employee participation in SEH and the support in

emergency management operations at public places. Your Company is a recipient of various safety laurels from the Regulatory Authorities on the State and National level as stated above during the year. Security system has been upgraded, like awareness training, evacuation drills to meet the new challenges.

### Directors' Responsibility Statement

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

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that year;
- iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors have prepared the annual accounts on a going concern basis.

### Directors

Mrs. Monika Garware Modi, Mr. Dilip J. Thakkar, Mr. N. P. Chapalgaonkar and Mr. Ramesh P. Makhija, retire by rotation and being eligible, offer themselves for re-appointment.

The Board of Directors of your Company elevated Ms. Sonia Garware as Joint Managing Director of the Company effective from 1st September, 2012.

The Board of Directors of your Company re-appointed Mr. M. S. Adsul as Whole Time Director designated as Director Technical for further period of five years effective from 1st August, 2012.

### Audit Committee

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

### Corporate Governance

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

### Auditors

The retiring auditors, M/s. Shah & Co., being eligible for re-appointment and have indicated their willingness to act as auditors, if appointed. However, the Company has received a special notice under Section 190 of the Company's Act, 1956 proposing the name of M/s. Chaturvedi & Shah, Chartered Accountants as Joint Auditors, subject to member's approval at the ensuing Annual General Meeting.

The retiring Auditors, M/s. Shah & Co. and M/s. Chaturvedi & Shah have conveyed their eligibility and willingness to act as joint auditors of the Company, if appointed at the ensuing Annual General Meeting. Board recommends that appointment of Joint Auditors shall be commensurate with the nature and size of operation of the Company. Company has received letter from them to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956 and they are not disqualified for 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