

GARWARE

Garware
Polyester Limited

ANNUAL REPORT
2010-11

One Company, Infinite Possibilities

GREEN INITIATIVE IN CORPORATE GOVERNANCE

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

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

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

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

AUDITORS : Shah & Co.
Chartered Accountants

SOLICITORS & ADVOCATES : Crawford Bayley & Co.

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

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

WORKS : L-5 & L-6, Chikalthana Industrial Area,
Dr. Abasaheb Garware Marg, Aurangabad - 431 210.
Naigaon, Post Waluj, Aurangabad - 431 133.
A-1 & A-2, MIDC, Ambad, Nasik - 422 010.
50-A, Swami Nityanand Marg, Vile Parle (East),
Mumbai - 400 057.

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

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

NOTICE

NOTICE IS HEREBY GIVEN THAT the Fifty Fourth Annual General Meeting of the members of **GARWARE POLYESTER LIMITED** will be held at the Registered Office of the Company on Tuesday, 27th December, 2011 at 11.30 a.m. at Naigaon, Post Waluj, Aurangabad - 431 133 to transact the following businesses:

Ordinary Business:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the year ended on that date and the reports of the Board of Directors and the Auditors thereon.
2. To declare dividend on preference and equity shares.
3. To appoint a Director in place of Mrs. S. S. Garware, who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint a Director in place of Ms. Sarita Garware, who retires by rotation and being eligible, offers herself for re-appointment.
5. To appoint a Director in place of Ms. Sonia Garware, who retires by rotation and being eligible, offers herself for re-appointment.
6. To appoint a Director in place of Mr. B. Moradian, who retires by rotation and being eligible, offers himself for re-appointment.
7. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:-

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

Special Business:

8. To appoint Mr. A. B. Bhalerao as a Director of the Company, who was previously appointed as an Additional Director of the Company effective from 16th June, 2011 by the Board of Directors at their Meeting held on 11th August, 2011, pursuant to Article 121 of the Articles of Association of the Company and under Section 260 of the Companies Act, 1956 and in respect of whom notices in writing have been received by the Company from some members proposing his candidature for the office of a director and to consider and if thought fit, to pass with or without modification(s) as an ordinary resolution, the following:-
“RESOLVED THAT due notices signifying the intention of the members to propose Mr. A. B. Bhalerao as a Director, having been received pursuant to Section 257 of the Companies Act, 1956, Mr. A. B. Bhalerao be and is hereby appointed as a Director of the Company, liable to retire by rotation.”
9. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ordinary resolution:
“RESOLVED THAT pursuant to the provisions of Section 293(1)(e) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as “the Board”) of the Company to contribute, from time to time, to charitable and other funds not relating to the business of the Company or to the welfare of the employee, any amount, the aggregate of which will not in any financial year exceed Rs. 3,00,00,000 (Rupees Three Crore) or 5% of the Company's average net profits, as determined in accordance with the provisions of Sections 349 and 350 of the Companies Act, 1956 during the three financial years immediately preceding, whichever is higher, notwithstanding that the aggregate

of such contributions may be in excess of the limits laid down in the said Section 293(1)(e) of the Companies Act, 1956.”

By Order of the Board of Directors

Mumbai,
14th November, 2011

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

Manoj Koul
*Company Secretary &
Sr. General Manager*

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (the 'Meeting') IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND TO VOTE ONLY ON A POLL INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument appointing proxy should be deposited at the Registered Office of the Company not less than forty-eight hours before the time fixed for the Meeting.
3. Members desiring any information on the business to be transacted at the Meeting are requested to write to the Company at least 10 days in advance to enable the Management to keep the information, as far as possible, ready at the Meeting.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, 20th December 2011 to Tuesday, 27th December 2011 (both days inclusive).
5. The final & special Dividend as recommended by the Directors, if declared at the Meeting, will be paid to those members whose names appear in the Register of Members of the Company on 27th December, 2011, in respect of shares held in physical form and in respect of shares held in the electronic form, to those 'Deemed Members' whose names appear in the statement of Beneficial Ownership furnished by the National Securities Depository Services Ltd. (NSDL) and the Central Depository Services (India) Ltd. (CDSL) at the end of business hours on 19th December, 2011.
6. Members are requested to notify immediately any change in their addresses directly to their Depository Participant in case they hold shares in dematerialised form or to the Company's Registrars & Share Transfer Agents, in case they hold shares in physical form.
7. Pursuant to the provisions of Sections 205A and 205C of the Companies Act, 1956, the dividend which remains unclaimed / unpaid for a period of seven years from the date of transfer to the respective unpaid dividend accounts, is required to be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government.
8. Unclaimed dividend for the Financial Years 2004-05 and 2008-09, 2009-10 and 2010-11 (Interim) are still lying in the respective unpaid dividend accounts of the Company. Members, who have not encashed the dividend warrants for the said Financial Years, are requested to contact the Company's Registrar and Share Transfer Agents, Link Intime India Private Limited at the address provided in point no. 10 below.
9. Unclaimed dividend for the Financial Year 2004-05 is due for transfer to the IEPF in the year 2012. Kindly note that no claims shall lie against the Company or the IEPF after such transfer.
10. Members holding shares in physical form are requested to forward all applications for transfer and all other shares related correspondence, including intimation for change of address, if any, to the Registrars and Share Transfer Agents of the Company at the following address:

LINK INTIME INDIA PRIVATE LIMITED

(Unit: Garware Polyester Limited)

C-13, Pannalal Silk Mill Compound, L.B.S. Marg, Bhandup (West),
Mumbai - 400 078.

Tel. No. 022-2594 6970, Fax : 022-2594 6969.

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

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

ANNEXURE TO THE NOTICE

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

Item No. 8

Mr. A. B. Bhalerao was appointed as an Additional Director on the Board of the Company with effect from 16th June 2011 under Article 121 of the Articles of the Association of the Company and Section 260 of the Companies Act, 1956. Mr. A.B. Bhalerao holds office as an Additional Director upto the date of ensuing Annual General Meeting of the Company. Notices in writing have been received from some of the members of the Company under Section 257 of the Companies Act, 1956 signifying their intention to propose Mr. A. B. Bhalerao as the candidate to the office of the Director of the Company. As disclosed by Mr. A.B. Bhalerao, he does not hold any shares of the Company.

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

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

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

Item No. 9

Pursuant to resolution passed by the shareholders of the Company at the Annual General Meeting of the Company held on 28th December, 2009 under Section 293(1)(e) of the Companies Act, 1956, ("the act"), the Board of Directors of the Company cannot, except with the consent of the Company in General Meeting, contribute to charitable and other funds not directly related to the business of the Company or to the welfare of its employees, any amounts, the aggregate of which will in any financial year exceed Rs. 1,50,00,000/- or 5% of its average net profits as determined in accordance with the provisions of Section 349 and 350 of the Act, during the three financial years immediately preceding, whichever is higher.

Keeping in view the expanding activities of the Company and considering its obligations towards social, educational, philanthropic and other welfare activities, it would be necessary to increase the contribution/donation towards charitable and other welfare funds from time to time. The consent of the members is therefore sought to contribute/donate any amounts, the aggregate of which in any financial year will not exceed Rs.3,00,00,000 (Rs. Three Crore) or 5% of the Company's average net profits, as determined in accordance with the provisions of Section 349 and 350 of the Act, during the three financial years immediately preceding, whichever is higher.

The Board of Directors recommend passing of this resolution.

None of Directors of the Company is, in any way, concerned or interested in the said resolution.

By Order of the Board of Directors

Mumbai,
14th November, 2011

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

Manoj Koul
Company Secretary &
Sr. General Manager

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

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

DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2011
TO THE MEMBERS,

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

Financial Results

(Rs. in Crores)

	April 2010 – March 2011 (12 months)		October 2009 - March 2010 (6 months)	
Operating Profit before Interest & Depreciation		291.75		57.85
Less: Interest & Financial Charges	24.63		16.34	
Depreciation	39.65	64.28	16.09	32.43
Profit for the year before Exceptional items		227.47		25.42
Exceptional items		16.36		0.00
Provision for Income Tax	22.55		0.00	
Provision for Wealth Tax	0.11	22.66	0.05	0.05
Profit After Tax		188.45		25.37
Add: Balance brought forward from previous year		95.83		75.79
Balance available for Appropriation		284.28		101.16
Appropriation:				
Transfer to General Reserve		18.85		1.30
Dividend on Redeemable Preference Shares (*Rs.54,460/-)		0.00*		0.00
Interim Dividend		1.89		0.00
Proposed Final Dividend on Equity Shares		19.82		3.46
Tax on Dividend		3.79		0.58
Balance carried to Balance Sheet		239.93		95.82
Total		284.28		101.16

Dividend

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

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

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

Operations

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

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

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

Future outlook

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

In automobile films segment, various new products such as Nano, Ceramic and IR films launched in the market have revealed wide acceptance worldwide. The local market continues to show robust growth due to introduction of various brands of car kits.

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

Research & Development

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

Functioning of R & D Department: -

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

Information Technology (IT)

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

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

Awards and Recognitions

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

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

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

Human Resource Development

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

Manufacturing and Quality Initiatives

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

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

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

Corporate Social Responsibility

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

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

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

Subsidiaries Companies and their Financial Statements

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

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

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

Safety, Health & Environmental Protection

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

Directors' Responsibility Statement

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

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

Directors

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

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

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

Audit Committee

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

Corporate Governance

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

Extension of time to hold Annual General Meeting

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

Auditors

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

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

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

Other Statutory Information

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

Industrial Relations

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

Acknowledgements

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

For and on behalf of the Board of Directors

Mumbai

14th November, 2011

S. B. GARWARE

Chairman & Managing Director

ANNEXURE TO DIRECTORS' REPORT

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

(A) CONSERVATION OF ENERGY :

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

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

(B) TECHNOLOGY ABSORPTION

I. Research and Development (R&D) –

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

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

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

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

3. Expenditure on R&D / Product Development

(Rs. in Lakhs)

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

Total R&D expenditure as a percentage to total turnover: 0.14%

II. Technology absorption, adaptation and innovation

1. Efforts made towards technology absorption, adaptation and innovation:
 - a. Developed technique to disperse nano particles
 - b. Developed non-fading nano particle based Solar Control film
2. Benefits derived as a result of above efforts:

Above efforts have resulted in improvement of product output, quality and reduction in wastage.
3. Technology imported during the last five years:

No Technology has been imported during the last 5 years

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

I. Activities relating to exports, initiatives taken to increase export markets for products and services and export plans.

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

II. Total Foreign Exchange used and earned

(Rs. in Crores)

Used :	77.51
Earned (FOB) :	363.57

For and on behalf of the Board of Directors

Mumbai

14th November, 2011

S. B. GARWARE

Chairman & Managing Director

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 recognizes 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 | (4) Disclosures |
| (2) Committees of the Board | (5) Means of Communication |
| (3) Remuneration of Directors | (6) General Shareholder information |

1. COMPOSITION OF THE BOARD OF DIRECTORS

Category	Name of the Director	No. of Shares held as on 31 st March 2011	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	11,00,000	3	–	–
	2. Mrs. Monika Garware Modi	1,87,500	7	–	–
	3. Ms. Sarita Garware	1,87,500	2	–	1
	4. Mr. M. S. Adsul	85	3	–	1
Independent Non - Executive	1. Mr. Dilip J. Thakkar	–	14	5	5
	2. Mr. B. Moradian *	–	2	2	2
	3. Mr. N. P. Chapalgaonkar	–	1	–	–
	4. Dr. M. C. Agarwal	–	1	–	2
	5. Mr. Ramesh P. Makhija	–	2	–	–
	6. Mr. A. B. Bhalerao***	–	2	–	1
Non-Independent Non-Executive	1. Mrs. S. S. Garware	94,500	2	–	–
	2. Ms. Sonia Garware	1,87,500	2	–	–

* Chairman of Audit Committee and Share 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.

*** Mr. A. B. Bhalerao joined the Board w.e.f. 16th June, 2011.

Committee of Directors includes membership in Audit Committee and Shareholders/ Investor Grievance Committee of Directors only. This includes membership 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 Transactions cum Investors' Grievances Committee Meetings, (d) Remuneration Committee Meeting and such other relevant information.

During the year under review commencing w.e.f 1st April 2010 till 31st March 2011 four Board Meetings were held as per details given below:

Board Meetings

Sr. No.	Date	Board Strength	No. of Directors Present
1	29.04.2010	11	6
2	05.08.2010	11	6
3	12.11.2010	11	5
4	22.01.2011	11	5

The previous Annual General Meeting (AGM) was held on 29th September 2010.

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	1	NO
Mrs. S. S. Garware	-	NO
Mrs. M. Garware Modi	1	NO
Ms. Sarita Garware	2	NO
Ms. Sonia Garware	1	NO
Mr. M. S. Adsul	4	YES
Mr. Dilip J. Thakkar	-	NO
Mr. B. Moradian	3	YES
Mr. N. P. Chapalgaonkar	2	YES
Dr. M. C. Agarwal	4	NO
Mr. Ramesh P. Makhija	4	NO
Mr. A. B. Bhalerao *	-	NO

* Mr. A. B. Bhalerao joined on the Board w.e.f 16th June 2011.

2. COMMITTEES OF THE BOARD

The Board has constituted Committees of Directors to take informed decisions and to oversee the activities falling within the purview of their terms of reference. The following are the various Committees of the Board:

(a) Audit Committee

The Board of the Company has constituted an Audit Committee comprising of the following Directors:

Mr. B. Moradian	—	Chairman
Mr. M. S. Adsul	—	Member
Dr. M. C. Agarwal	—	Member
Mr. A. B. Bhalerao*	—	Member

The Company Secretary, Mr. Manoj Koul acts as the Secretary to the Committee.

* Mr. A. B. Bhalerao was appointed as a member of the Audit Committee w.e.f. 11th August, 2011.

Brief description of terms of reference are:

- Overseeing and ensuring the adequacy and compliance of internal control systems.
- Reviewing the quarterly, half-yearly and annual financial statements with special emphasis on accounting policies and practices, compliance with accounting standards and other legal requirements concerning financial statements before submission to the Board.
- Reviewing the adequacy of the Audit and Compliance, including their policies, procedures, techniques and other regulatory requirements.
- Undertaking periodical review of Internal Audit Reports and appraising and reviewing the scope of Internal Audit functions from time to time.
- Interacting effectively with the Statutory Auditors from time to time and discuss about finalisation of annual financial statements.
- Considering any other matter, which may be referred to it by the Board.
- The Minutes of the Audit Committee Meetings are placed at the Meeting of the Board of Directors.

Meetings and attendance during the year

During the year under review, four Audit Committee meetings were held as per details given below.

Sr. No.	Date	Strength	No. of Members Present
1	29.04.2010	3	3
2	05.08.2010	3	3
3	12.11.2010	3	3
4	22.01.2011	3	2

The attendance of Members at the Committee Meetings was as under:

Name of Members	Audit Committee Meetings Attended
Mr. B. Moradian	3
Mr. M. S. Adsul	4
Dr. M. C. Agarwal	4
Mr. A. B. Bhalerao *	-

* Mr. A. B. Bhalerao was appointed as a member of the Audit Committee w.e.f. 11th August, 2011

(b) Share Transactions cum Investors' Grievances Committee*

The Board of the Company has constituted a Share Transactions

cum Investor's Grievances Committee comprising of the following Directors:

Mr. B. Moradian	—	Chairman
Ms. Sarita Garware	—	Member
Dr. M. C. Agarwal	—	Member

The Company Secretary, Mr. Manoj Koul, acts as the Compliance Officer.

Pursuant to Board Resolution dated 11th August, 2011, the name of 'Share and Debenture Transactions Cum Investor's Grievances Committee' has been changed to 'Share Transactions Cum Investor Grievances Committee'.

Brief descriptions of terms of reference are;

- To consider and approve transfer of shares and issuance of duplicate share certificates etc.
- Redressal of shareholder's/investor's complaints relating to transfer of shares, non-receipt of annual report, dividends, transmission, transposition, splitting, consolidation and dematerialisation of shares, etc.

Details of complaints received and redressed during the year from 1st April, 2010 to 31st March, 2011.

As per information received from Registrar M/s. Link Intime India Private Limited, during the year, the Company received 129 complaints from shareholders, which were resolved. The details are as under:

Nature of Complaint	No. of Complaints	No. of Complaints Resolved	No. of Complaints Pending as on 31.03.2011
Transfer of Shares	33	33	Nil
Dividend	61	61	Nil
Others	35	35	Nil
Total	129	129	Nil

Share Transfer Details:

During the year, the Committee met 26 times. As on 31st March, 2011, there were no requests pending for transfer of shares. The details of share transfers are reported to the Board of Directors along with the Minutes of the aforesaid Committee Meetings. The attendance of Members at the aforesaid Committee Meetings was as under:

Name of Members	Meetings Attended
Ms. Sarita Garware	21
Mr. B. Moradian	14
Dr. M. C. Agarwal	17

Investor's Grievances:

The Registrars and Share Transfer Agents, viz. M/s. Link Intime India Private Limited under supervision of the Secretarial Department of the Company redresses the Investor's grievances.

(c) Remuneration Committee:

The Board of the Company has constituted a Remuneration Committee comprising of the following Directors:-

Mr. B. Moradian	—	Member
Mr. M. S. Adsul	—	Member
Dr. M. C. Agarwal	—	Member
Mr. A. B. Bhalerao*	—	Member

* Mr. A. B. Bhalerao was appointed as a member of the Remuneration Committee w.e.f. 11th August, 2011.

The terms of reference of the above committee are to review the remuneration payable to Managing / Wholtime Directors.

3. REMUNERATION TO DIRECTORS:

The remuneration to Managing Director, Joint Managing Directors and Director - Technical is paid as per the Agreements entered into between them and the Company. Wherever necessary,

Company seeks approval of Central Government for their remuneration. Non-Executive Directors are paid sitting fees of Rs.5,000/- for every Board Meeting and Rs.1000/- for every Committee Meeting attended by them.

The details of remuneration paid to the Directors of the Company during the year (1st April, 2010 to 31st March, 2011) are given below: -

	(Rs. in Lakhs)
a) Salary and Perquisites	586.75
b) Commission	434.00
c) Sitting Fees to Non-Executive Directors	1.08
Total	1,021.83

Service contract in respect of Managing Director, Joint Managing Directors and Director-Technical is for five years.

Performance-linked Bonus : Nil

Stock option details, if any : Nil

4. DISCLOSURES:

a. Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, directors or the management, their subsidiaries or relatives etc. that may have potential conflicts with the interest of the Company at large are separately disclosed in this Annual Report (Refer Note No. 12 in Schedule 12 B).

b. Your company recognizes the "Risk Management" as an integrated, forward-looking process oriented approach for managing "Enterprise Wide Risks".

The Company manages its risk under following broad category:

1. Strategic and Business Risk
2. Operation and implementation Risks
3. Financial Risks
4. Risk related to Human Resources

Management recognizes that risk management encompasses three processes: risk assessment, risk mitigation and evaluation and assessment.

For the risk assessment, the management of the Company headed by Executive Committee under over all supervision of Board of Directors regularly reviews and assesses the plans of the Company, taking into account the changes in the global industry scenario and advises the operational management on various strategic issues.

For risk mitigation, the Company has adopted Standard Operating Procedures devised by M/s. Pricewaterhouse Coopers Pvt. Ltd. to strengthen its internal controls and standardise the procedures.

All the modules of newly implemented SAP has replaced the existing ERP System and are fully functional to commensurate with business operations and size of the Company. This new system has also helped Company in protecting valuable data, eliminating need for multiple systems and automate key compliance activities such as data collection, retention and analysis.

During the year, the Company has also devised an on-line customized Corporate Compliance Calendar which helps in due compliances of the Regulatory Laws applicable to the Company.

c. No penalties/strictures have been imposed on the Company by Stock Exchange or SEBI or other authority on any matter related to capital markets, during last three years.

5. MEANS OF COMMUNICATION

The Board of Directors of the Company approves and takes on record the unaudited quarterly financial results in the format prescribed by the Stock Exchange, and discloses the said financial results to the Bombay Stock Exchange Limited, where the shares of the Company are listed. Further, the said results in the prescribed format are published in the leading newspapers and are also made available on the Company's website.

The Company's website is: www.garwarepoly.com

Report on Management Discussion and Analysis forms part of this Annual Report.

6. GENERAL SHAREHOLDER INFORMATION

(a) Registered Office:

Naigaon, Post Waluj, Aurangabad – 431 133

(b) Registrars and Share Transfer Agents :

Link Intime India Private Limited,
C-13, Pannalal Silk Mill Compound,
L.B.S. Marg, Bhandup (West), Mumbai – 400 078.
Tel. No.: 022 - 25946970 Fax No.: 022 - 25946969
e-mail : helpline@linkintime.co.in
Contact Person: Ms. Chaitali Jadhav

(c) Address for Correspondence:

Garware Polyester Limited,
Garware House, 50-A, Swami Nityanand Marg,
Vile Parle (East), Mumbai-400 057.
Tel No: 022-6698 8000 – 15
Fax No: 022-2824 8155 / 66
e-mail: cs@garwarepoly.com

(d) Plants Locations :

Waluj, Chikalthana, and Nasik.

(e) Listing on Stock Exchange

Shares of the Company are listed on the Stock Exchange, Mumbai, under Stock Code No.500655,

ISIN No. for dematerialised shares is INE 291A01017.

The Company has paid Annual Listing Fees for the year 2011- 12 to the above Stock Exchange. The Company has also paid custodial charges to National Securities Depository Limited and Central Depository Services (India) Limited for 2011-2012.

(f) Share price Data on The Stock Exchange, Mumbai

Month	Share Price Data		BSE Sensex	
	High (Rs.)	Low (Rs.)	High	Low
April 2010	106.50	67.70	18047.86	17276.80
May 2010	105.45	86.20	17536.86	15960.15
June 2010	115.85	90.35	17919.62	16318.39
July 2010	144.15	114.45	18237.56	17395.58
August 2010	185.15	147.70	18475.27	17819.99
September 2010	258.75	173.05	20267.98	18027.12
October 2010	285.55	243.65	20854.55	19768.96
November 2010	268.70	153.10	21108.64	18954.82
December 2010	178.10	131.70	20552.03	19074.57
January 2011	175.75	149.60	20664.80	18038.48
February 2011	164.25	131.40	18690.97	17295.62
March 2011	132.15	108.40	19575.16	17792.17

(g) Share Transfer System

The Share Transfer requests received in physical form are registered and transferred within 30 days from the date of lodgement by the Registrars and Share Transfer Agents if the same are valid and complete in all respects and thereafter the same are duly approved by Share Transactions cum Investors' Grievances Committee. Since the Company's shares are compulsorily traded in demat segment on the Stock Exchange, Mumbai, bulk of the transfers takes place in electronic form.

(h) Dematerialisation of Shares and Liquidity

The Company's shares are available for dematerialisation on both the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), for which purpose the Company has entered into Agreements with the respective Institutions. The Shares of the Company are compulsorily to be delivered in the demat form to the Stock Exchanges by all investors. Nearly 93.60% of the equity shares of the Company have been dematerialised by investors and bulk of transfers take place in the demat form.

(i) Distribution of Shareholdings as on 31st March, 2011

No. of Shares held	No. of Share-holders	% of Share-holders	No. of Shares	% of Share-holding
1 to 500	32,987	96.32	28,70,690	12.45
501 to 1000	628	1.83	4,90,456	2.13
1001 to 2000	280	0.82	4,25,342	1.84
2001 to 3000	94	0.27	2,38,142	1.03
3001 to 4000	36	0.11	1,27,772	0.55
4001 to 5000	43	0.13	2,07,244	0.90
5001 to 10000	76	0.22	5,70,017	2.47
10001 and above	102	0.30	1,81,30,723	78.63
Total	34,246	100.00	2,30,60,386	100.00

(j) Categories of shareholding as on 31st March, 2011.

Sr. No.	Category	No. of shares held	% share-holding
1.	Promoters (Shri S. B. Garware, * family and Associates)	1,33,01,316	57.68
2.	Mutual Funds and UTI	3,81,040	1.66
3.	Banks, Financial Institutions, Insurance Companies (Central / State Govt. Institutions / Non-Govt. Institutions)	8,57,261	3.71
4.	Private Corporate Bodies	13,32,666	5.78
5.	Foreign Institutional Investors	1,40,566	0.61
6.	NRIs	4,04,800	1.75
7.	Indian Public	66,42,737	28.81
	Grand Total	2,30,60,386	100.00

* Pursuant to the Scheme of Arrangement between Garware Chemicals Limited (GCL) and Garware Polyester Limited and their respective equity shareholders, approved by the Hon'ble High Court of Bombay vide its order dated 21st October, 2011, the Company has to issue 2,54,764 equity shares of Rs.10/- each as fully paid up to the members of the GCL other than the Company. By issuing aforesaid fresh equity shares, the Paid-up Equity Share capital of the Company will increase from Rs.23,06,03,860 to Rs.23,31,51,500. However there is no change in the Authorised Share Capital of the Company. These new shares will be classified under the Promoter's category.

(k) Outstanding GDRs/ADRs/

Warrants or any convertible instruments and conversion date and likely impact on equity : Not Applicable

(l) Reappointment / Appointment of Directors

Mrs. S. S. Garware, Ms. Sarita Garware, Ms. Sonia Garware and Mr. B. Moradian Directors are retiring by rotation and being eligible, offer themselves for re-appointment. The appointment of Mr. A. B. Bhalerao as a Director is proposed to be regularised in this ensuring Annual General Meeting, since he was appointed as an Additional Director w.e.f. 16th June, 2011 till the conclusion of this Annual General Meeting.

(m) Code of Conduct

The Company has always encouraged and supported ethical business practice in personal and corporate behaviour by its directors and employees. The Company has framed a specific Code of Conduct for the members of the Board of Directors and Senior Management personnel of the Company. In addition to that a special Code of Conduct for dealing in equity shares and other listed securities of the Company is also in place.

(n) Certification on Financial Reporting

The Chairman & Managing Director and Sr. General Manager (Accounts) of the Company give annual certification on financial reporting and internal controls to the Board in terms of Clause 49. The Heads of Accounts also give quarterly certification on financial results while placing the financial results before the Board in terms of Clause 41.

(o) Information on General Body Meetings

Details of the last 3 Annual General Meetings (AGM) held by the Company are as under:

	Date	Venue	Time
51 st AGM	23.12.2008	Registered Office: Naigaon, Post Waluj, Aurangabad-431133	11.30 a.m.
52 nd AGM	28.12.2009	As above	11.30 a.m.
53 rd AGM	29.09.2010	As above	11.30 a.m.

None of the Special Resolutions passed during the last three AGMs were required to be passed through postal ballot. No special resolution for this year is required to be passed through postal ballot.

(p) Financial Calendar (tentative)

Financial Year	1 st April, 2011 to 31 st March, 2012
Unaudited Financial Results for the Quarter ending: 30 th June 2011; 30 th September 2011; 31 st December 2011 and 31 st March 2012.	Within 45 days from the end of reporting quarter.
Annual General Meeting for year ending - 31.03.2012.	Before the end of September 2012.
Date of Book Closure for the current financial year	20 th December, 2011 to 27 th December, 2011 (both days inclusive)
Dividend payment date	On or after 27.12.2011.
Email address for Investor Complaints	manojkoul@garwarepoly.com

REPORT ON MANAGEMENT DISCUSSION AND ANALYSIS

Overview

Garware Polyester Limited (GPL) is pioneer in the field of manufacture of polyester films in India and the largest exporter of polyester films. The Company manufactures the quality specialty polyester films in India for variety of end applications. GPL is one out of the only two companies in the world which manufacture Dyed Polyester Films.

1. Industry Structure and Developments

Polyester films have wide applications in flexible packaging, shrink labels, electrical motor and cable insulation, sequin, TV screen, magnetic media, imaging, metallic yarn, laminated films for glass tint, safety application etc. The Company has well-developed marketing network throughout the world, some of the major regions being Europe, USA, Far East, Middle East, Africa, South America etc. The Company has developed a wide network of dedicated customers in Europe, USA, Far East, Middle East, Brazil, Australia, China, Russia, New Zealand, Eastern Europe, Mexico and Africa. The quality of GPL products is rated amongst the best in the World and the Company pays special attention on customer services due to which the customer base is consistent and increasing.

2. Opportunities and threats

The supply demand situation for polyester films is not favorable with the capacities exceeding the demand which situation is likely to continue for some more time. For the Company the year under reference was an aberration as demand exceeded the supplies and also utilization of existing capacity for new applications such as photo voltaic cell etc. The Company has evolved several new strategies in product branding as well as focused on R&D thereby developing several new products like nano technology based films, ceramic films and IR (Infra-red) films which have been introduced in the solar film market. The Company therefore hopes to rapidly grow its market share in solar films.

3. Outlook Exports:

Plain Film:

The Company has maintained its record of being the highest exporter of polyester films and bagged the top exporter award from Plexconcil. With the introduction of variety and high quality product offerings, the Company is fully confident of maintaining its strong position in exports. Presently Company products are being successfully sold in Europe, Eastern Europe, USA, South America, Africa, Middle East, Far-East etc. The Company has successfully launched high value product such as high shrink films globally and this product will substantially add to the profitability. The Consumer Division Products of the Company are being catered in the European market by its wholly owned subsidiary viz. Garware Polyester International Limited (GPIL) and in the American market by Global Pet Films Inc. (GPF), a wholly owned subsidiary of GPIL. GPF has floated a special brand as per the market need of the area. The Company plans that these subsidiaries should grow their business further, given the response to the Company's popular brands, such as 'Garfilm' and 'Global Window Film' in these export markets.

Sun Control Film:

Sun Control films have shown a major growth in the current year. The growth in automobile market in China has helped to boost sale. The Company has successfully launched multiple brands, new products and with aggressive and innovative marketing strategies the major growth in Sun Control films is expected to be sustained during the coming years. Sun Control films are presently being marketed throughout the world and our consistent high class quality and better customer orientation are highly valued in the market.

Thermal Film:

With the variety and high quality product offerings in thermal lamination films, the Company is fully confident of achieving strong

position in exports. The first production line is commissioned and made fully operational in a short span of 4 months.

Domestic Market:

The "Global" brand, which is created primarily for American Market, has been launched in India and the response of the market has been overwhelming. Considering the rapid growth of automobile market in India, the Company focused on this market and introduced car kits as well as entered in to OEM tie-ups which is helping the Company to maintain its dominant position in the domestic market.

Increased usage of window films in offices, commercial buildings and malls continue to add to the growth of the Company's business in the premium segment of window films.

4. Review of Operations

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956 and the applicable accounting standards.

(Rs. in lakhs)

	2010-11 12 months	2009-10 06 months	% change on annualized basis
Gross Sales	1,32,774.73	52,736.55	25.88%
Net Sales	89,080.24	31,269.12	42.44%
Other Income	1,139.79	136.93	316.19%
Profit before Interest, Depreciation and Exceptional Items	29,174.95	5,785.21	152.15%
Interest & Financial Charges	2,463.37	1,633.74	(24.61%)
Depreciation	3,964.49	1,609.39	23.17%
Exceptional Items	1,636.22	0.00	100.00%
Profit before Tax	21,110.87	2,542.08	315.23%
Provision for Tax	2,265.65	4.75	23748.95%
Profit after Tax	18,845.22	2,537.33	271.36%
Earnings per share (Basic and Diluted)	80.83	11.00	267.41%
Market Capitalization	27,616.80	14,332.03	285.39%

5. Internal Control Systems and their Adequacy

The Company has sound systems of internal control and checks, which are supplemented by a regular internal audit commensurate with the size of its business and nature of its operations. The Audit Committee of the Board meets at regular intervals and actively reviews the internal control systems, which are reflected in the internal audit reports. Suitable corrective actions are initiated wherever necessary.

6. Material Developments in HR / Industrial Relations

Your Company has a well-qualified and experienced team of professionals who have contributed to the performance of the Company. Labour relations at all the manufacturing units of the Company continued to remain cordial throughout the six-month period. There was no industrial unrest during the period under review.

7. Risks and Concerns

Due to volatility of crude oil prices, the raw material prices during the year under review have been exhibiting volatile trend. Though the Company has been in a position to pass on the increase, there has always been a time lag for passing the increase in export markets.

The Company will continue to focus on cost control and cost effective measures and give dedicated and specified thrust to exports.

Demand for the Company's products is sensitive to changes in industry capacity and output levels, cyclical changes in regional and global economic conditions and changes in consumer demand. Significant addition in capacities by competitors has heated the competition.

The Central and State tax scheme in India is extensive and subject to change from time to time. Any adverse changes in any of the taxes levied by the Central or State governments may adversely affect the Company's competitive position and profitability.

The Government of Maharashtra has amended the MVAT Act in retrospect and the Company has filed a Writ Petition for the

same before the Hon'ble Bombay High Court.

The Company is subject to risks arising from volatile foreign exchange market as well as interest rate fluctuations, which could adversely affect its business operational results. The Company has endeavored to monitor and mitigate these risks.

8. Cautionary Statement

The statements in report of the Board of Directors and the Management Discussion & Analysis Report describing the Company's outlook, estimates or predictions may be forward looking statements within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied since the Company's operations are influenced by many external and internal factors beyond the control of the Company. The Company takes no responsibility for keeping the members updated on changes in these factors except as may be statutorily required from time to time.

AUDITORS' REPORT ON CORPORATE GOVERNANCE

TO
THE MEMBERS OF
GARWARE POLYESTER LIMITED

We have examined the compliance of conditions of Corporate Governance by GARWARE POLYESTER LIMITED for the year ended 31st March 2011, as stipulated in Clause 49 of the Listing Agreement entered into with the Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievances are pending for a year exceeding one month against the Company as per the records maintained by the Shareholders/Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Shah & Co.**
Chartered Accountants
(Registration No. 109430W)

Mumbai
14th November, 2011

(**Indulal H. Shah**)
Partner
Membership No.: 798

AUDITORS' REPORT

TO
THE MEMBERS OF
GARWARE POLYESTER LIMITED

We have audited the attached Balance Sheet of **GARWARE POLYESTER LIMITED** as at 31st March, 2011 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto incorporating the accounts of Erstwhile Great Design Properties Pvt. Ltd. audited by other Auditors and demerged accounts of the Manufacturing Business of Garware Chemicals Ltd. as per the schemes of Amalgamation and Arrangements approved by the Hon'ble Court of judicature at Bombay. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to in Paragraph (3) above, we state that:

- (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- (c) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement referred to in this report are in agreement with the books of account.

- (d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.
- (e) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 as on the said date.
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts read together with the notes in Schedule 12 give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011.
 - (ii) In the case of the Profit and Loss Account, of the "PROFIT" of the Company for the year ended on that date.

AND

- (iii) In the case of the Cash Flow Statement of the Cash Flows for the year ended on that date.

For **Shah & Co.**
Chartered Accountants
(Registration No. 109430W)

(Indulal H. Shah)
Partner
Membership No. 798

Mumbai
14th November, 2011

ANNEXURE TO THE AUDITORS' REPORT (REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) A major portion of the assets has been physically verified by the management during the year. We are informed that no material discrepancies have been noticed by the management on such verification.
- (c) The company has not disposed off substantial part of its fixed assets during the year. According to the information and explanations given to us, we are of the opinion that the disposal of fixed assets has not affected the going concern status of the company.
- (ii) (a) The Inventories have been physically verified during the year by the Management. In our opinion the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material in relation to the operations of the company and have been properly dealt with in the books of account.
- (iii) (a) The company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Hence the provisions of Clause 4(iii) b, (c) and (d) of the order are not applicable for the year under report.
- (b) The company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act, 1956. Hence the provisions of clauses 4 (iii) (f) and (g) of the order are not applicable for the year under report.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) (a) In our opinion and according to the information and explanations given to us the transactions that need to be entered in the register maintained under section 301 of the companies Act, 1956 have been so entered.
- (b) According to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time in the opinion of the management.
- (vi) According to the information and explanations given to us, the company has not accepted during the year any deposits from the public as per the provisions of Sections 58 A and 58 AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975. To the best of our knowledge and according to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Central Govt. has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for the year under review for any of the products of the company.
- (ix) (a) According to the information and explanations given to us, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it. As explained to us, no undisputed amounts payable in respect of above were in arrears as at 31st March, 2011 for a period of more than six months from the date they became payable.
- (b) The following dues have not been deposited on account of dispute:

Nature of Dues	Financial Year to which the Dispute Pertains	Amount (Rs. in Lakhs)	Forum where dispute is pending
Income Tax	2005-06	14.25	Commissioner of Income Tax, Mumbai
Excise Duty	1994 - 95	7.21	Customs, excise and Service Tax Appellate Tribunal, Mumbai High Court, Aurangabad
	2001 - 02	31.40	
Excise Duty	1989 - 90	0.41	High Court, Mumbai
	1982 - 83	4.88	
Sales Tax	1984 - 85	6.00	Sales Tax Assessing Officer, Delhi & Noida
Sales Tax	1993 - 94	6.25	

- (x) The company does not have accumulated losses at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial period.
- (xi) According to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- (xii) According to the information and explanations given to us, the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) As the company is not a chit fund or a nidhi, mutual benefit fund or society, the provisions of clause 4(xiii) of the Companies (Auditors' report) Order, 2003 are not applicable to the company.

- (xiv) As the company is not dealing in or trading in shares, securities, debentures and other investments, the provisions of clause 4(xiv) of the Companies (Auditors' report) Order, 2003 are not applicable to the company.
- (xv) The company has given guarantees for loans taken by Associate Company. According to the information and explanations given to us, we are of the opinion that the terms and conditions thereof are not prima facie prejudicial to the interest of the Company.
- (xvi) According to the information and explanations given to us, the Company has applied the term loans for the purpose for which they were obtained.
- (xvii) According to the information and explanations given to us, the company has not applied short term borrowings for long term use.
- (xviii) According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956, except to the extent of shares allotted as per the Schemes of Amalgamation and Arrangements of GDPPL and GCL.
- (xix) The company has not issued any debentures during the year.
- (xx) The company has not raised any money by way of public issue during the year.
- (xxi) According to the information and explanations given to us, no material fraud on or by the company has been noticed or reported during the year.

For **Shah & Co.**
Chartered Accountants
(Registration No. 109430W)

(Indulal H. Shah)
Partner
Membership No. 798

Mumbai
14th November, 2011

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BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule		As at 31.03.2011 (Rs. in Lakhs)	As at 31.03.2010 (Rs. in Lakhs)
FUNDS EMPLOYED :				
SHAREHOLDERS' FUNDS				
Share Capital	1		6,698.12	7,745.83
Share Capital Suspense	1A		1,073.19	0.00
Reserves & Surplus	2		40,343.81	19,609.24
			<u>48,115.12</u>	<u>27,355.07</u>
LOAN FUNDS				
Secured Loans	3A		16,406.06	29,922.67
Unsecured Loans	3B		1,203.46	30.56
			<u>17,609.52</u>	<u>29,953.23</u>
Deferred Tax Liability			3,699.60	1,444.24
TOTAL			<u><u>69,424.24</u></u>	<u><u>58,752.54</u></u>
APPLICATION OF FUNDS :				
FIXED ASSETS				
Gross Block	4		1,06,596.58	86,435.22
Less: Depreciation			52,679.10	48,737.51
Net Block			53,917.48	37,697.71
Capital Work in Progress			872.84	331.96
			<u>54,790.32</u>	<u>38,029.67</u>
INVESTMENTS	5		215.86	3,810.02
CURRENT ASSETS, LOANS AND ADVANCES				
Inventories	6		9,604.09	5,448.98
Sundry Debtors			2,907.84	10,653.93
Cash and Bank Balances			2,622.27	996.60
Other Current Assets			1,252.52	2,148.24
Loans and Advances			6,801.02	1,921.65
			<u>23,187.74</u>	<u>21,169.40</u>
Less: CURRENT LIABILITIES AND PROVISIONS	7			
Current Liabilities			5,272.86	2,744.07
Provisions			3,496.82	1,518.31
			<u>8,769.68</u>	<u>4,262.38</u>
Net Current Assets			<u>14,418.06</u>	<u>16,907.02</u>
Miscellaneous Expenditure (To the extent not Written off)				
Share Issue Expenses.			0.00	5.83
TOTAL			<u><u>69,424.24</u></u>	<u><u>58,752.54</u></u>

The notes in Schedule 12 and Schedules referred to herein form an integral part of the Balance Sheet

As per our report of even date

For **SHAH & CO.**

Chartered Accountants
(Registration No. 109430W)

INDULAL H. SHAH

Partner

Mumbai, 14th November, 2011

For and on behalf of the Board of Directors

S. B. GARWARE – Chairman & Managing Director

B. MORADIAN – Director

M. S. ADSUL – Director – Technical

MANOJ KOUL – Company Secretary & Sr. General Manager

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedule	2010-11 (12 Months) (Rs. in Lakhs)	2009-10 (6 Months) (Rs. in Lakhs)
INCOME :			
Sales including Excise duty		94,012.66	32,922.34
Inter-Divisional Transfers (as per contra)		38,762.07	19,814.21
Gross Sales		1,32,774.73	52,736.55
Less: Excise duty		4,932.42	1,653.22
Net Sales		1,27,842.31	51,083.33
Other Income	8	1,094.41	136.93
Net Income from Shares Trading		45.38	0.00
Increase / (Decrease) in Finished and Semi-Finished Goods	9	3,171.95	(208.07)
		1,32,154.05	51,012.19
EXPENDITURE :			
Raw Materials consumed	10	36,480.64	14,823.41
Inter-Divisional Transfers (as per contra)		38,762.07	19,814.21
Purchase of Traded Goods		2,783.73	0.00
Manufacturing & other expenses	11	24,952.66	10,589.36
Interest & financial charges (Refer Note No. 9 in Schedule 12B)		2,463.37	1,633.74
		1,05,442.47	46,860.72
Profit before Depreciation and Exceptional Items		26,711.58	4,151.47
Depreciation		3,964.49	1,609.39
Profit before Exceptional Items		22,747.09	2,542.08
Less: Exceptional Items (Refer Note.11 in Schedule 12B)		1,636.22	0.00
Profit before Taxation		21,110.87	2,542.08
Less: Provision for Taxation:			
Current Tax		4,154.66	430.00
Less: MAT Credit Entitlement		(4,154.66)	(430.00)
Deferred Tax		2,255.00	0.00
Wealth Tax		10.65	4.75
Profit after Tax		18,845.22	2,537.33
Add: Balance brought forward from previous period		9,582.56	7,578.91
Profit available for Appropriation		28,427.78	10,116.24
APPROPRIATIONS :			
Dividend Payable on Preference Shares		0.54	0.27
Interim Dividend on Equity Shares		188.76	0.00
Proposed Final Dividend on Equity Shares		1,981.79	345.91
Tax on Dividend		379.04	57.50
Transfer to General Reserve		1,884.52	130.00
		4,434.65	533.68
Balance carried to Balance Sheet		23,993.13	9,582.56
Earning per Share {(Basic/Diluted) (Rupees) (Face value of Rs.10/-each)} (Refer Note No.15 in Schedule 12B)		80.83	11.00

The notes in Schedule 12 and Schedules referred to herein form an integral part of the Profit & Loss Account

As per our report of even date

For **SHAH & CO.**

Chartered Accountants
(Registration No. 109430W)

INDULAL H. SHAH

Partner

Mumbai, 14th November, 2011

For and on behalf of the Board of Directors

S. B. GARWARE – Chairman & Managing Director

B. MORADIAN – Director

M. S. ADSUL – Director – Technical

MANOJ KOUL – Company Secretary & Sr. General Manager

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SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE – 1

	As at 31.03.2011 (Rs. in Lakhs)	As at 31.03.2010 (Rs. in Lakhs)
SHARE CAPITAL		
Authorised:		
4,00,00,000 Equity Shares of Rs.10/- each	4,000.00	4,000.00
60,00,000 Preference Shares of Rs.100/- each	6,000.00	6,000.00
	<u>10,000.00</u>	<u>10,000.00</u>
Issued, Subscribed and Paid-up:		
2,30,60,386 Equity Shares of Rs.10/- each fully paid-up	2,306.04	2,306.04
1,04,77,100 Less : Equity Shares of Rs.10/- each cancelled as per Scheme of Amalgamation and Arrangement of Great Design Properties Pvt.Ltd. (GDPPL) under section 391 to 394 of the Act with the Company (Refer Note No.1-A in Schedule 12B)	<u>1,047.71</u>	0.00
	1,258.33	2,306.04
1,25,83,286 Less: Unpaid allotment / call money (from others)	<u>6.21</u>	6.21
	1,252.12	2,299.83
54,46,000 0.01% Cumulative Redeemable Preference Shares of Rs.100/- each (Previous period 54,46,000) (Refer Note – (vii) below)	<u>5,446.00</u>	5,446.00
TOTAL	<u>6,698.12</u>	<u>7,745.83</u>

Out of the above :

- (i) 16,50,600 Equity Shares of Rs.10/- each were allotted as fully paid-up Bonus Shares by capitalisation of Reserves (Previous period 16,50,600)
- (ii) 6,60,000 Equity Shares of Rs.10/- each were allotted as fully paid-up pursuant to a Scheme of Amalgamation without payment being received in cash (Previous period 6,60,000)
- (iii) 64,860 Equity Shares of Rs.10/- each were allotted as fully paid up to Industrial Development Bank of India Limited (IDBI) at a premium of Rs. 40/- per share in consideration of conversion of a part of the loan amount of Rs. 32.43 Lakhs (Previous period 64,860)
- (iv) 47,80,799 Equity Shares of Rs.10/- each were allotted as fully paid up at a premium of Rs. 40/- per share against 23,90,400 detachable warrants (Previous period 47,80,799)
- (v) 10,19,022 Equity shares of Rs. 10/- each were allotted as fully paid up to IDBI at a premium of Rs. 48.88/- per share on 7th November 2007 as per arrangement (Previous period 10,19,022).
- (vi) 2,00,000 Equity shares of Rs. 10/- each were allotted as fully paid up to various schemes operating under UTI Assets Management Company Limited at a premium of Rs. 22.67 per share on 23rd December 2008 as per arrangement (Previous period 2,00,000).
- (vii) 54,46,000 0.01% Cumulative Redeemable Preference Shares of Rs. 100/- each were allotted as fully paid up to IDBI at par (49,54,000 on 7th November 2007 and 4,92,000 on 19th June 2008) as per arrangement. The preference shares amounting to Rs. 4,954.00 Lakhs shall be redeemed in 3 equal installments from 1st April 2014 to 1st April 2016 and Rs. 492.00 Lakhs shall be redeemed in single installment on 1st April 2016 (Previous period 54,46,000).

SCHEDULE – 1 (A)

SHARE CAPITAL SUSPENSE

2,54,764 Equity Shares of Rs. 10/- each fully paid-up to be issued to the shareholders of Garware Chemicals Ltd. (GCL) as per Scheme of Arrangement under Section 391 to 394 of the Companies Act,1956 (Refer Note No. 1-B in Schedule 12B)	25.48	0.00
1,04,77,100 Equity Shares of Rs. 10/- each fully paid-up to be issued to the shareholders of Great Design Properties Pvt. Ltd. (GDPPL) as per Scheme of Amalgamation and Arrangement under Section 391 to 394 of the Companies Act,1956 (Refer Note No. 1-A in Schedule 12B)	<u>1,047.71</u>	0.00
	<u>1,073.19</u>	<u>0.00</u>

SCHEDULE - 2

RESERVES AND SURPLUS

Share Premium :		
Balance as per last Balance Sheet	592.14	592.14
Debenture Redemption Reserve :		
Balance as per last Balance Sheet	1,356.05	1,356.05
Revaluation Reserve :		
Balance As per last Balance Sheet	4,584.49	4,584.49
Capital Reserve :		
Amount transferred on Settlement with Debenture holders	4,439.48	0.00
General Reserve :		
Balance As per last Balance Sheet	3,494.00	3,364.00
Add: Transfer from Profit and Loss Account	<u>1,884.52</u>	<u>130.00</u>
	5,378.52	3,494.00
Profit & Loss Account		
Balance as per Profit and Loss Account	23,993.13	9,582.56
TOTAL	<u>40,343.81</u>	<u>19,609.24</u>

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)
SCHEDULE – 3

		As at 31.03.2011 (Rs. in Lakhs)		As at 31.03.2010 (Rs. in Lakhs)	
A. SECURED LOANS					
I. Debentures / Bonds					
(i) Zero Coupon Bonds	A	151.00		195.00	
Less: Redeemed during the year		88.00		44.00	
			63.00		151.00
(ii) Debentures					
(a) Debentures acquired as on 01.04.2010 as per Scheme of Arrangement under Section 391 to 394 of the Companies Act, between the Company and Garware Chemicals Ltd. (GCL) (Refer Note No. 1-B in Schedule 12B)					
		4,358.00		0.00	
(b) Interest Accrued and due on above		81.48		0.00	
		4,439.48		0.00	
Less: Transferred to Capital Reserve on Settlement		4,439.48		0.00	
			0.00		0.00
			63.00		151.00
II. From Banks					
i) Cash / Packing Credit Accounts	B		0.00		1,983.81
ii) (a) Working Capital Demand Loans/ Foreign Currency Demand Loans		212.41		752.04	
(b) Working Capital Loans		8,083.79		14,019.75	
			8,296.20		14,771.79
			8,296.20		16,755.60
III. Term Loans					
(i) Banks					
a) Rupees Loans	C	1,020.32		0.00	
b) Foreign Currency Loans		6,575.94		12,850.39	
			7,596.26		12,850.39
(ii) Vehicle Finance	D	450.60		165.68	
			8,046.86		13,016.07
			16,406.06		29,922.67
TOTAL					
(Refer Note No. 6 Schedule 12B)					

Notes:

- (A) Zero Coupon Bonds of Rs. 100/- each aggregating to Rs. 63.00 Lakhs (Previous period Rs. 151.00 Lakhs) are secured by a mortgage on Company's immovable property situated at Vile Parle, Mumbai (the charge on the immovable property situated at Vile Parle, Mumbai has since been released by the bank on 26th August, 2011 and the loan is now secured by the fixed assets situated at Aurangabad and Nasik).
- (B) Cash / Packing Credit / Working Capital Loans are secured by hypothecation of stores, spares & packing materials and stock-in-trade and book debts of the Company and further secured by a second charge on the movable assets of the Company & immovable properties situated at Aurangabad and Nasik.
- (C) Term Loans of Rs. 7,596.26 Lakhs (Previous period Rs. 12,850.39 Lakhs) are secured as under:
- Term Loans of Rs. 5,383.50 Lakhs from Indian Overseas Bank (Previous period Rs. 11,123.39 Lakhs) are secured by a mortgage on Company's immovable property situated at Vile Parle, Mumbai (the charge on the immovable property situated at Vile Parle, Mumbai has since been released by the bank on 26th August, 2011 and the loan is now secured by the fixed assets situated at Aurangabad and Nasik).
 - Term Loans of Rs. 578.73 Lakhs from Indian Overseas Bank (Previous period Rs. 1,727.00 Lakhs) are secured by charge on the specific assets and also by way of collateral of the Company's immovable property situated at Vile Parle, Mumbai (the charge on the immovable property situated at Vile Parle, Mumbai has since been released by the bank on 26th August, 2011 and the loan is now secured by the fixed assets situated at Aurangabad and Nasik).
 - Term Loans of Rs. 1,196.89 Lakhs from Indian Overseas Bank (Previous period Rs. Nil) are secured by charge on the specific assets.
 - Term Loans of Rs. 437.14 Lakhs of the transferor company are against Fixed Deposits.
- (D) Vehicle Finances are secured by hypothecation of specific assets.

		As at 31.03.2011 Rs. in Lakhs		As at 31.03.2010 Rs. in Lakhs	
B. UNSECURED LOANS					
Interest Free Sales tax / VAT Deferral Loan of SICOM (Acquired as per Scheme of Arrangement under Section 391 to 394 of the Companies Act, between the Company and Garware Chemicals Ltd. (GCL) (Refer Note No.1-B in Schedule 12B) (Amount repayable within one year Rs.Nil, Previous Period Rs 5.66 Lakhs)					
			1,203.46		30.56
TOTAL			1,203.46		30.56

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

SCHEDULE – 4

FIXED ASSETS

(Rs. in Lakhs)

Sr. No.	Description of Assets	GROSS BLOCK				DEPRECIATION	NET BLOCK		
		Cost/ Revaluation As at 01.04.2010	Additions during the year	Additions due to Schemes of Arrangements and Amalgamation	Sales/ Transfer/ Adjustment (Including Assets of Demerged & Amalgamated companies)		Cost/ Revaluation As at 31.03.2011	Up to 31.03.2011	As at 31.03.2011
A.	TANGIBLE ASSETS								
1.	Land (Freehold)	11,576.62	0.00	0.00	0.00	11,576.62	0.00	11,576.62	11,576.62
2.	Land (Leasehold)	1,863.36	0.00	0.00	0.00	1,863.36	0.00	1,863.36	1,863.36
3.	Buildings	7,847.37	1,564.88	151.19	12.29	9,551.15	5,331.51	4,219.64	2,792.67
4.	Plant & Machinery	56,922.86	1,901.44	11,364.65	13.80	70,175.15	39,953.60	30,221.55	20,320.18
5.	Electrical Installations	3,018.58	0.69	0.00	0.00	3,019.27	2,587.61	431.66	500.70
6.	Moulds	287.54	0.00	0.00	0.00	287.54	287.54	0.00	0.00
7.	Laboratory Equipments	351.38	4.04	19.53	0.00	374.95	243.65	131.30	128.36
8.	Furniture & Fixtures	509.62	16.13	0.97	0.97	525.75	465.39	60.36	60.09
9.	Office Equipments	539.80	21.50	0.00	0.00	561.30	415.59	145.71	145.80
10.	Vehicles	496.08	447.36	0.00	26.93	916.51	359.30	557.21	230.72
11.	Capital Expenditure On Research & Development	218.60	0.00	0.00	0.00	218.60	213.70	4.90	7.00
12.	Data Processing Equipments	1,215.19	135.28	0.00	4.63	1,345.84	1,204.13	141.71	60.98
B.	IN TANGIBLE ASSETS :								
1.	Software	0.00	191.96	0.00	0.00	191.96	31.98	159.98	0.00
2.	Copyrights	157.46	0.00	0.00	0.00	157.46	157.46	0.00	0.00
3.	Expenditure On Tech. know-how/Product Development	1,430.76	0.00	0.00	0.00	1,430.76	1,427.64	3.12	11.23
4.	Goodwill*	0.00	0.00	4,400.36	0.00	4,400.36	0.00	4,400.36	0.00
	Total	86,435.22	4,283.28	15,936.70	58.62	1,06,596.58	52,679.10	53,917.48	37,697.71
	Previous period	86,101.72	391.77	0.00	58.27	86,435.22	48,737.51	37,697.71	
	Capital Work-in-Progress							872.84	331.96

NOTES :

- The Free hold land includes Rs. 4,584.49 Lakhs on account of revaluation of land at Vile Parle, Mumbai as at 31st March, 2007.
 - Building include Rs. 0.07 Lakh being value of 136 shares in Co-op. Housing Societies.
 - Depreciation has been provided as follows:
 - on Capital Expenditure on R&D and on Assets other than Plant & Machinery on Written Down Value Method as per rates prescribed under Schedule XIV of the Companies Act, 1956.
 - on Plant & Machinery acquired before 02.04.1987, on Straight Line Method as per rates prevalent at the time of acquisition of Assets on single shift basis.
 - on Plant & Machinery acquired after 02.04.1987, on Straight Line Method as per rates prescribed under Schedule XIV of the Companies Act, 1956.
 - No Write-off has been made in respect of lease relating to leasehold land.
 - Depreciation includes Technical Know-how fees / Product Development Expenses amortised.
 - The Gross Block includes Rs. 6,765.35 Lakhs on account of evaluation of certain Assets as at 31st March,2002.
 - In accordance with Accounting Standard (AS-11) and Amendment Rules 2009 on AS-11 Notified by Government of India on 31.03.2009, company has Capitalised Rs. 19.27 Lakhs (Previous period de-capitalised Rs. 11.59 lakhs) on account of exchange rate difference on foreign currency loans (Refer Note No. 5 in schedule 12 A)
 - Additions during the year includes assets acquired from Garware Chemical Ltd. and Great Design Properties Pvt. Ltd. (GDPL) as per Schemes of Arrangement and Amalgamation (Refer Note No 1-A & 1-B in Schedule12B).
- * Refer Note No. 1-B(vi) in Schedule 12B.

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

	As at 31.03.2011 (Rs. in Lakhs)	As at 31.03.2010 (Rs. in Lakhs)
SCHEDULE – 5		
INVESTMENTS (AT COST)		
LONG TERM INVESTMENTS		
A. In Government Securities (Unquoted) :		
1. 10 Years - 8.5% Rural Debentures of Maharashtra State Electricity Board of the face value of Rs. 0.17 Lakh	–	–
2. 7 Years National Savings Certificates of the face value of Rs. 0.03 Lakh (Lodged with the Excise Authorities as Security Deposit)	–	–
	–	–
B. In Shares :		
I. Quoted		
1. 50 Equity Shares of M.M. Rubber Ltd. of the face value of Rs.10/- each, fully paid-up.	0.01	0.01
2. 2,80,000 Equity Shares of Garware Marine Industries Ltd., of the face value of Rs.10/- each, fully paid-up	–	–
3. 4,00,300 Equity Shares of Garware Wall Ropes Limited, of the face value of Rs.10/- each, fully paid-up.(Previous Period 4,00,000) 300 Shares (*) acquired during the year as per Scheme of Amalgamation and Arrangement of (GDPPL) with the Company.	56.98	56.80
4. 200 Equity Shares (*) of NALCO of the face value of Rs. 10/- each acquired during the year as per Scheme of Amalgamation & Arrangement of Great Design Properties Pvt. Ltd. (GDPPL) with the Company	0.81	0.00
	57.80	56.81
II. Unquoted		
1. 2,500 Equity Shares of The New India Co-operative Bank Ltd. Mumbai, of the face value of Rs. 10/- each, fully paid-up.	0.25	0.25
2. 2,500 Equity Shares of The North Kanara Goud Saraswat Brahmin Co-operative Bank Ltd., Mumbai, of the face value of Rs. 10/- each, fully paid-up.	0.25	0.25
3. 500 Shares of The Co-operative Stores Ltd. (New Delhi) of the face value of Rs. 10/- each, fully paid-up.	0.05	0.05
4. 10,000 Equity Shares of S I C O M Ltd., of the face value of Rs. 10/- each, fully paid-up	8.00	8.00
5. 20,000 Equity Shares of Deogiri Nagari Sahakari Bank Ltd. of the face value of Rs. 25/- each, fully paid-up.	5.00	5.00
6. 4,000 Equity Shares of Vaidyanath Urban Co-op. Bank Ltd. of the face value of Rs. 25/- each, fully paid-up.	1.00	1.00
7. 1,000 Equity Shares of Poornawadi Co-op. Bank Ltd. of the face value of Rs. 100/- each, fully paid-up.	1.00	1.00
8. 1,000 Equity Shares (*) of Cosmos Co-operative Bank Ltd. of the face value of Rs. 10/- each, fully paid acquired during the year as per Scheme of Amalgamation and Arrangement of GDPPL with the Company.	0.02	0.00
9. 1,403 0.1%, Non Cum. Red. Preference Shares (*) of Best Design Properties Private Limited (BDPL), of the face value of Rs. 100/- each, acquired during the year as per Scheme of Amalgamation and Arrangement of GDPPL with the Company	1.40	0.00
	16.97	15.55

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SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

		As at 31.03.2011 (Rs. in Lakhs)		As at 31.03.2010 (Rs. in Lakhs)		
SCHEDULE – 5 (Contd.)						
III. In Subsidiary Companies (Unquoted)						
1.	2,50,000 ordinary Shares of Garware Polyester International Limited, London, of the face value of Pound 1/- each, fully paid-up.	133.57		133.57		
2.	3,03,36,820 Equity Shares of Garware Chemicals Ltd. of the face value of Rs.10/- each fully paid-up including four equity shares held by nominees	2,307.19		2,307.19		
<i>Add:</i>						
a)	214,20,000 Equity Shares of Rs. 10/- each purchased from "Spinnaker"	496.23		0.00		
b)	134,40,000 Equity Shares of Rs. 10/- each purchased from IDBI	870.00		0.00		
c)	77,10,308 Equity Shares of Rs. 10/- each on conversion of 7.50% Optionally Convertible Debentures	178.62		0.00		
d)	22,94,308 Equity Shares of Rs. 10/- each on conversion of 0.01% OCCRP Shares	1,296.90		0.00		
	7,52,01,436 Total Equity Shares	5,148.94		2,307.19		
	<i>Less:</i> Impairment due to re-organisation of Capital by Garware Chemicals Ltd. as per Scheme approved by Hon'ble High Court of Bombay	5,141.42		0.00		
		7.52		2,307.19		
3.	0.01% Optional Convertible Cumulative Redeemable Preference Shares of Garware Chemicals Ltd. of the face value of Rs. 10/- each, fully paid-up (Previous Period 1,29,69,000)	1,296.90		1,296.90		
	<i>Less:</i> On conversion into 22,94,308 Equity Shares of Rs. 10/- each	1,296.90		0.00		
		0.00		1,296.90		
			141.09		3,737.66	
	TOTAL		215.86		3,810.02	
		Cost	Market value	Cost	Market value	
NOTE:	Aggregate amount of company's investments	Quoted	57.80	275.17	56.81	287.46
		Unquoted	158.06		3,753.21	
	TOTAL		215.86		3,810.02	

(63,27,067 Equity Shares of the face value of Rs.10/- each amounting to Rs. 40,300/- acquired during the year as per Scheme of Amalgamation of GDPPL with the company has been subsequently transferred during the year in exchange of shares to M/s. Envision Properties Pvt. Ltd. (EPPL)).

* In the name of the Amalgamated company.

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

	As at 31.03.2011 (Rs. in Lakhs)	As at 31.03.2010 (Rs. in Lakhs)
SCHEDULE – 6		
CURRENT ASSETS, LOANS & ADVANCES		
A) CURRENT ASSETS:		
I. Inventories : (At lower of cost and net realisable value)		
(As taken, valued & certified by the Management)		
a) Stores, Spare parts & Packing materials	1,967.59	2,250.75
b) Stock-in-trade		
(i) Raw Materials	2,268.33	1,002.01
(ii) Finished goods	2,274.48	590.17
(iii) Semi-finished goods	3,093.69	1,606.05
	9,604.09	5,448.98
II. Sundry Debtors :		
(Unsecured, considered good, unless otherwise stated excluding Bills Receivable discounted) (Refer note No.5 in Schedule 12B)		
(a) Debts outstanding for a period exceeding six months.		
(i) Considered Good	0.72	22.86
(ii) Considered Doubtful	514.18	493.33
	514.90	516.19
Less : Provision for Doubtful Debts	514.18	493.33
	0.72	22.86
(b) Other Debts		
Including Rs.766.28 Lakhs due from subsidiary companies, (Previous period - Rs. 462.47 Lakhs) and Rs. 556.29 Lakhs due from Associate company (Previous period - Rs. 7,412.50 Lakhs)	2,907.12	10,631.07
	2,907.84	10,653.93
III. Cash and Bank Balances :		
(a) Cash on hand	15.31	18.74
(b) Bank balances :		
(i) With Scheduled Banks:		
In Current Accounts	766.12	803.16
In Fixed Deposit Accounts (Including Margin Money) (*)	1,609.28	160.22
In Unclaimed Dividend Accounts	30.36	14.48
	2,405.76	977.86
(ii) With Co-operative Banks:		
In Current Accounts	1.20	0.00
In Fixed Deposit Accounts	200.00	0.00
(Maximum balance due during the year Rs. 201.45 lakhs)	201.20	0.00
	2,606.96	977.86
	2,622.27	996.60
IV. Other Current Assets:		
(a) Export benefits/Incentives receivable	557.40	485.66
(b) Other receivables	695.12	1,662.58
	1,252.52	2,148.24
B) LOANS & ADVANCES:		
(Unsecured, considered good, unless otherwise stated)		
i) Advances recoverable in cash or in kind or for value to be received	814.66	487.47
ii) Advance against Capital Expenditure	310.55	16.70
iii) Balance with Customs & Excise authorities	376.49	318.79
iv) Deposits with Others	93.77	96.47
v) MAT Credit Entitlement	5,052.43	897.77
vi) Advance Payment of Income Tax / Fringe Benefit Tax and Tax Deducted at Source (Net of Provisions)	153.12	104.45
	6,801.02	1,921.65
TOTAL	23,187.74	21,169.40

(*) Including Rs. 483.60 Lakhs in the name of amalgamated company.

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SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

	As at 31.03.2011 (Rs. in Lakhs)	As at 31.03.2010 (Rs. in Lakhs)
SCHEDULE – 7		
CURRENT LIABILITIES AND PROVISIONS :		
A: Current Liabilities :		
(i) Sundry Creditors Including Rs. Nil of Associate Company (Previous period - Rs. 217.97 Lakhs), Rs. 185.68 lakhs due to MSME (Previous period - Rs. 83.92 Lakhs) (Refer Note No.18 in Schedule 12B), Rs.2.70 Lakhs due to Director (Previous period Rs. Nil) and Rs. 138.24 Lakhs due to Subsidiary Company)	3,038.19	1,625.95
(ii) Other Liabilities Including Rs. 111.85 Lakhs due to Subsidiary companies, (Previous period - Rs. 76.69 Lakhs) and Rs. 25.00 Lakhs due to Director	1,397.01	597.58
(iii) Deposits and Advances from Customers & Others	804.62	503.38
(iv) Investor Education and Protection Fund:		
(a) Unclaimed Dividend	30.90	15.02
(b) Unclaimed Debenture and Interest	2.14	2.14
	5,272.86	2,744.07
B: Provisions		
a) Provision for Leave Encashment / Gratuity	1,192.89	1,114.63
b) Provision for Dividend on Preference Shares	0.54	0.27
c) Provision for Proposed Dividend on Equity Shares	1,981.79	345.91
d) Provision for Tax on Dividend	321.60	57.50
	3,496.82	1,518.31
TOTAL	8,769.68	4,262.38

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

	2010-11 (12 Months) (Rs. in Lakhs)	2009-10 (6 Months) (Rs. in Lakhs)
SCHEDULE – 8		
OTHER INCOME		
Insurance claims	11.97	23.56
Dividend Income	167.05	11.40
Interest on short term deposits with banks and others (Gross) (TDS Rs.16.77 Lakhs, Previous period Rs. 2.16 Lakhs)	160.74	22.86
Miscellaneous income	129.35	40.55
Profit on sale of fixed assets (Net)	41.83	12.53
Excess Provision / Sundry Credit Balances written back	22.49	23.93
Rent (TDS Rs. Nil, Previous period Rs. 0.15 Lakh)	2.40	2.10
Interest on Income Tax / Sales Tax refund	23.15	0.00
Sales Tax refund	49.29	0.00
Gain on Exchange Rate Fluctuations	486.14	0.00
TOTAL	1,094.41	136.93

SCHEDULE – 9		
INCREASE/(DECREASE) IN FINISHED AND SEMI-FINISHED GOODS		
Opening Stock:		
Finished goods	590.17	580.13
Semi finished goods	1,606.05	1,824.16
	2,196.22	2,404.29
Closing Stock:		
Finished goods	2,274.48	590.17
Semi finished goods	3,093.69	1,606.05
	5,368.17	2,196.22
Increase / (Decrease)	3,171.95	(208.07)

SCHEDULE – 10		
RAW MATERIALS CONSUMED		
Opening Stock	1,002.01	1,015.74
Add: Purchases and Expenses	37,746.96	14,809.68
	38,748.97	15,825.42
Less: Closing Stock	2,268.33	1,002.01
TOTAL	36,480.64	14,823.41

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT (Contd.)

	2010-11 (12 Months) (Rs. in Lakhs)	2009-10 (6 Months) (Rs. in Lakhs)
SCHEDULE – 11		
MANUFACTURING AND OTHER EXPENSES		
A. Manufacturing Expenses:		
Stores, Spares and Packing Materials consumed	4,332.66	1,204.11
Power and Fuel	6,501.81	3,159.83
Processing Charges	1,723.77	963.01
Water Charges	76.21	14.91
	12,634.45	5,341.86
B. Employees' Remuneration & Benefits:		
Salaries, Wages and Bonus	3,188.63	1,500.95
Contribution to Provident and other funds	560.47	328.74
Staff Welfare Expenses	273.89	116.86
	4,022.99	1,946.55
C. Administrative, Selling and General Expenses:		
Rent, Hire charges and Compensation (Net) (Including Rs 3.00 Lakhs paid to a Director)	57.98	30.96
Rates, Taxes and Licence Fees	31.90	22.82
Insurance	138.05	58.43
Freight and Forwarding (Net)	1,715.66	744.68
Research and Development Expenses	120.38	104.70
Repairs and Maintenance of:		
(i) Plant and Machinery	752.47	225.98
(ii) Buildings	312.09	120.71
(iii) Other Assets	509.10	216.83
	1,573.66	563.52
Advertisement Expenses	102.03	32.41
Sales Tax / VAT	156.70	40.08
Travelling & Conveyance	437.81	137.30
Postage, Telegrams & Telephones	109.47	52.67
Commission on Sales	773.58	112.96
Donations	140.25	50.20
Legal and Professional charges (Refer Note No. 8 in Schedule 12 B)	618.23	258.88
Auditors' Remuneration		
(i) Audit fees	11.15	6.00
(ii) Tax Audit fees	4.10	2.00
(iii) For Certification / Others	3.75	1.60
(iv) Reimbursement of out of pocket Expenses	0.24	0.35
	19.24	9.95
Miscellaneous Expenses	1,257.60	459.97
Provision for Doubtful Debts	20.85	0.00
Loss on Swap / Exchange Rate Fluctuations	0.00	269.13
	7,273.39	2,948.66
D. Managerial Remuneration:		
(a) To Managing Director & Joint Managing Directors:		
(i) Salary	300.00	140.00
(ii) Contribution to Provident fund and Superannuation scheme	40.50	21.60
(iii) Other Perquisites	138.12	63.19
(iv) Leave Salary	74.45	82.78
	553.07	307.57
(b) To Whole Time Director :		
(i) Salary	14.10	6.00
(ii) Contribution to Provident fund and Superannuation scheme	3.82	1.62
(iii) Other perquisites	12.59	5.33
(iv) Leave Salary / Encashment	3.17	0.09
	33.68	13.04
(c) Commission	434.00	31.00
(d) Directors' sitting fees	1.08	0.68
	1,021.83	352.29
TOTAL	24,952.66	10,589.36

SCHEDULE – 12

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of presentation of Financial Statements

The financial statements are prepared under the historical cost convention modified by revaluation of fixed assets and in accordance with applicable Accounting Standards and relevant presentation requirements of the Companies Act, 1956.

The company generally follows the mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.

2. Fixed Assets and Depreciation / Amortization

Fixed Assets are stated at cost net of MODVAT / CENVAT and includes amounts added on revaluation, less accumulated depreciation. Cost comprises of the purchase price and any directly attributable cost of bringing the assets to working condition for its intended use including interest and other incidental and trial run expenses up to the date of commercial production. When fixed assets were revalued, surplus on revaluation was credited to Capital / Revaluation Reserve Account.

Depreciation / Amortization is provided as follows:

- On Technical Know-how/Product Development Expenses @ 1/6th per annum.
- On Copyright Expenditure @ 1/5th per annum
- On Capital Expenditure on R&D and Assets other than Plant & Machinery on Written Down Value method as per rates prescribed under Schedule XIV of the Companies Act, 1956.
- On Plant & Machinery acquired before 02.04.1987 on Straight Line method as per rates prevalent at the time of acquisition of the asset on single shift basis.
- On Plant & Machinery acquired after 02.04.1987 on Straight Line Method as per rates prescribed under Schedule XIV of the Companies Act, 1956, vide Notification GSR No.756(E) dated 16.12.1993.
- No write-off is being made in respect of leasehold land.
- Assets costing Rs. 5000/- or Less is depreciated fully in the year of acquisition.
- Goodwill to be amortized @ 1/5th per annum or as per the decision of Board of Directors.

3. Investments

Investments are considered as long term investments and are accordingly stated at cost of acquisition. Market value of Quoted Investments at the date of the Balance Sheet is disclosed. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the Management.

4. Inventories

- i) Raw materials and packing materials are valued at the lower of cost and net realizable value. Cost is determined on a moving weighted average basis. Cost includes the cost of purchase and other expenses directly attributable to their acquisition but excludes duties & taxes, which are subsequently recoverable from the taxing authorities.
- ii) Stores and Spares are valued at cost computed on a moving weighted average basis. Cost includes the cost of purchase and other expenses directly attributable to their acquisition but excludes duties and taxes that are subsequently recoverable from the taxing authorities.
- iii) Semi-finished goods including those held for captive consumption is valued at factory cost including depreciation.
- iv) Finished goods is valued at the lower of cost and net realizable value. Cost includes direct material & labour

cost and a proportion of manufacturing overheads.

- v) Purchase of finished goods are valued at the lower of cost and net realizable value.

5. Foreign Currency Transactions

- a) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.
- b) Monetary items denominated in foreign currencies at the year-end are restated at year end rates. In case of items which are covered by forward exchange contracts, the difference between the year-end rate and rate on the date of the contract is recognized as exchange difference and the premium paid on forward contracts is recognized over the life of the contract.
- c) Non monetary foreign currency items are carried at cost.
- d) The company has opted for accounting exchange rate differences arising on reporting of long term Foreign Currency Monetary Items in line with Companies (Accounting Standard) Amendment Rules 2009 on Accounting Standard 11 (AS-11) notified by Govt. of India on March 31, 2009. Accordingly, the effect of exchange differences on Foreign Currency Loans of the company is accounted by addition or deduction to the cost of assets so far it relates to depreciable capital assets and in other cases by charging to profit and loss account as gain or loss on account of exchange difference.
- e) Investments in shares of foreign subsidiary company are expressed in Indian Currency at the rate of exchange prevailing at the time when the original investments were made.

6. Inter-divisional Transfers

Inter-divisional transfers of goods for internal use as captive consumption are shown as contra items in the Profit & Loss Account to reflect the true economic value of the production inter-se the divisions. This accounting treatment has no impact on the Profit of the Company.

7. Duties

Excise duty on finished goods and custom duty on imported materials has been accounted on the basis of payments made in respect of goods cleared as also provision made for goods lying in Bonded Warehouse.

8. Employee Benefits

- a) Short Term Employee Benefits:
All benefits paid / payable wholly within 12 months of rendering the service are classified as short term. Benefits such as salaries, wages, short-term compensated absences, etc and the expected cost of bonus, ex-gratia, medical, LTA are recognized in the period in which the employee renders the related service and charged to Profit and Loss Account.
- b) Defined Contribution Plans:
Company contributes Provident Fund in accordance with EPF Act, 1952 and ESIC Schemes in accordance with ESIC Act, 1948 under Government administered schemes, however certain employees are covered under the contributory plans with the trust "Garware Polyester Limited Office Staff & Officers Provident Fund". Contributions are accounted on accrual / paid basis and charged to Profit & Loss Account.
- c) Defined Benefit Plans:
 - 1) Liability towards Superannuation and Gratuity are covered by appropriate schemes with Life Insurance

SCHEDULE – 12 (Cond.)

Corporation of India on accrual basis. Gratuity plans are determined by actuarial valuation by using the Projected Unit Credit method.

- 2) Leave encashment benefits are accounted on actuarial valuation basis.

9. Lease Rentals

Lease Rentals are accounted on accrual basis over the Lease Term as per the relevant Lease Agreements.

10. Provisions, Contingent Liabilities & Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

11. Research & Development

Revenue expenditure on Research and Development is charged out in the accounting year in which it is incurred. Expenditure, which results in creation of assets, is included in Fixed Assets and depreciation is provided on such assets as applicable.

12. Revenue Recognition

a) Sales:

Sales are accounted for inclusive of excise duty and VAT / sales tax (wherever not charged separately), and are net of discounts and returns.

b) Export Benefits:

Export entitlements under the Duty Entitlement Pass Book (DEPB) scheme/ other scheme are recognized as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

13. Taxation

- a) Deferred tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.
- b) Current tax is determined as the amount of tax payable in respect of taxable income for the period. The credit is taken as per entitlement for the tax liability provided under MAT based on taxable income as per the provisions of Income Tax Act, 1961.

14. Borrowing Cost

Borrowing costs specifically relatable to the acquisition of fixed assets are capitalized as part of the cost of fixed assets, other borrowing costs are charged to revenue.

15. Impairment of assets

Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

B. NOTES:

1-A) Amalgamation of Great Design Properties Private Limited with the Company:

The Scheme of Amalgamation and Arrangement, under the

provisions of Sections 391 to 394 of the Companies Act, between the Company and Great Design Properties Private Limited (GDPPL) with the Company was approved by the Hon'ble High Court of Judicature at Bombay vide its order dated June 17, 2011 and filed with the Registrar of Companies ('ROC') on July 8, 2011. As per the Scheme, the Business of GDPPL stands transferred to and vest with the company with effect from 1st April, 2010, the Appointed Date and has been given effect to on July 8, 2011, being the Effective Date and the accounting treatment prescribed by the Scheme has been given effect to in the financial statements for the year ended March 31, 2011. The Business of the GDPPL with the Company has been accounted as per Accounting Standard (AS) 14-Accounting for Amalgamations notified under Companies (Accounting Standards) Rule, 2006 subject to the adjustments specified in the Scheme of Arrangement.

In accordance with the said Scheme and as per the Hon'ble High Courts' approval:

- i. All the assets and liabilities of GDPPL Business has been transferred and stands vested with the company from the appointed date at their respective book values on that date.
- ii. 1,04,77,100 Equity Shares of Rs. 10/- each of the company are to be issued to the Share holders of GDPPL in proportion to their share holdings. Pending allotment an amount of Rs. 1,047.71 Lakhs has been shown under Share Capital suspense account as at March 31, 2011. These shares were subsequently issued on July 11, 2011 to shareholders of GDPPL.
- iii. The investment held by GDPPL in equity share capital of the company stands cancelled and accordingly the share capital of the company stands reduced by Rs. 1,047.71 Lakhs
- iv. The difference in net value of assets and liabilities acquired being Rs. 259.00 Lakhs, after giving effect to clause (iii) above, has been credited to "Provision for Expenses on Amalgamation Account" and the same has been charged to Profit & Loss Account.
- v. In terms of the Scheme, the Equity Shares as and when issued and allotted by the Company shall rank pari-passu in all respects with the existing Equity Shares of the Company. Accordingly, the appropriation for the proposed dividend includes the dividend amount on 1,04,77,100 Equity Shares to be allotted to the shareholders of GDPPL for the full year.

1-B) Demerger of Manufacturing Business of the Garware Chemicals Limited with the Company:

The Scheme of Arrangement between the Company and Garware Chemicals Limited (GCL), under the provisions of Sections 391 to 394 of the Companies Act, for demerger of Manufacturing Business of the GCL with the Company was approved by the Hon'ble High Court of Judicature at Bombay vide its order dated October 21, 2011 and filed with the Registrar of Companies ('ROC') on November 14, 2011. As per the Scheme, the Manufacturing Business of the GCL stands transferred to and vest with the Company with effect from 1st April, 2010, the Appointed Date and has been given effect to on November 14, 2011, being the Effective Date and the accounting treatment prescribed by the Scheme has been given effect to in the financial statements for the year ended March 31, 2011. The demerger of the Manufacturing Business of the GCL with the

SCHEDULE – 12 (Cond.)

Company has been accounted as per Accounting Standard (AS) 14–Accounting for Amalgamations notified under Companies (Accounting Standards) Rules, 2006 subject to the adjustments specified in the Scheme of Arrangement.

The demerger complies with the provisions of Section 2(19AA) of the Income Tax Act, 1961, and in accordance with the said Scheme and as per the Hon'ble High Courts' approval:

- i. All the properties of the Demerged business held by GCL immediately before the demerger has become the properties of the Company by virtue of the demerger;
 - ii. All the liabilities relating to the Demerged business of GCL, immediately before the demerger has become the liabilities of the Company by virtue of the demerger;
 - iii. The properties and the liabilities relating to the Demerged business transferred from GCL are transferred to the Company at the values appearing in the books of account of the GCL immediately before the demerger;
 - iv. The transfer of the Demerged business of GCL is on a going concern basis.
 - v. 2,54,764 Equity Shares of Rs. 10/- each of the Company are to be issued to shareholders (other than GPL) of GCL in the ratio of 2 (Two) equity shares of Rs. 10/- each of the Company for every 79 (Seventy Nine) Equity Shares of Rs. 10/- each held in GCL. Pending allotment, an amount of Rs. 25.48 Lakhs has been shown under Share Capital Suspense Account as at March 31, 2011. These shares were subsequently issued on November 14, 2011 to shareholders of GCL.
 - vi. The difference of Rs. 741.06 lakhs, being the excess of the net assets value of Manufacturing Business of GCL transferred to GPL, over the face value of Equity Shares allotted as per clause (v) and after considering the impairment of Rs. 5,141.42 lakhs in the value of investments in GCL, in terms of the Scheme, an amount of Rs. 4,400.36 lakhs has been debited to the Goodwill Account.
 - vii. In terms of the Scheme, the Equity Shares allotted by the Company shall rank pari-passu in all respects with the existing Equity Shares of the Company. Accordingly, the appropriation for the proposed dividend includes the dividend amount on 2,54,764 Equity Shares allotted to the shareholders of GCL for the full year.
2. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 3,221.79 Lakhs (Previous period Rs. 943.18 Lakhs) against which an advance of Rs. 310.55 Lakhs (Previous period Rs. 16.70 Lakhs) has been paid.
 3. The Company has given counter-guarantees for Rs. 887.91 Lakhs (Previous period Rs. 723.56 Lakhs) to Banks in respect of guarantees given by the Banks to third parties for purchase of equipment, supply of goods, clearance of goods from Customs, Excise Bonds, etc.
 4. Letters of Credit opened on behalf of the Company by Banks for purchase of materials and equipment amount to Rs. 9,314.21 Lakhs (Previous period Rs. 15,538.11 Lakhs).
 5. Bills of Exchange discounted under Bill Marketing Scheme amount to Rs. 1,851.66 Lakhs (Previous period Rs. 2,257.75 Lakhs).
 6. **Secured Loans:**
Zero Coupon Bonds of Rs. 63.00 Lakhs are repayable in quarterly installments with premium of Rs. 53.55 Lakhs till

January 1, 2012. Premium paid with quarterly installments amounting to Rs. 74.80 Lakhs has been debited to Interest and Financial Charges.

Amount of Term Loans / Zero Coupon Bond repayable within one year is Rs. 6,580.91 Lakhs (Previous period Rs. 6,716.45 Lakhs).

7. Contingent Liabilities not provided for –

(Rs. in Lakhs)

Particulars	As at 31-03-2011	As at 31-03-2010
Disputed matters in appeal / contested in respect of:		
Income Tax	83.16	63.91
Excise Duty	43.94	43.94
Sales Tax	17.13	17.13
Maharashtra State Electricity Board (MSEB)	27.72	27.72

8. Legal and Professional Charges include Rs. 7.70 Lakh (Previous period Rs. 0.83 Lakh) paid to some of the Partners of the Auditors for other services and Rs. 14.27 Lakhs for Amalgamation Expenses.

9. Break up of Interest and financial charges are:

(Rs. in Lakhs)

Particulars	2010-11 (12 Months)	2009-10 (6 Months)
On Secured Term Loans (Net)	558.53	471.92
Other Interest (Net)	1,196.35	722.96
Financial Charges	708.49	438.86
Total	2,463.37	1,633.74

10. Export Benefits / Incentives are accounted on accrual basis. Accordingly, net estimated benefit aggregating to Rs. 1,345.41 Lakhs (Previous period Rs. 510.21 Lakhs) against export effected during the year has been credited to Export Benefits earned account which has been included in sales.

11. Exceptional Items

(Rs. in lakhs)

Particulars	2010-11 (12 Months)	2009-10 (6 Months)
a) Sales Tax Receivable written off pursuant to amendment of MVAT Act by Govt. of Maharashtra with retrospective effect	1,128.22	0.00
b) Octroi Receivable written off pursuant to amendment of MVAT Act by Govt. of Maharashtra with retrospective effect	206.25	0.00
c) Sales Tax Deferral liability to SICOM	42.75	0.00
d) Provision for Expenses on Amalgamation pursuant to Scheme of Arrangement u/s 391 to 394 of the Act, between Company and Great Design Properties Private Limited	259.00	0.00
Total	1,636.22	0.00

SCHEDULE – 12 (Cond.)

12. Computation of net profit as per section 349 read with section 309 (5) and 198 of the Companies Act, 1956 is as under.

Particulars	2010-11 12 Months Rs. in Lakhs	2009-10 6 Months Rs. in Lakhs
Profit before Tax	21,110.87	2,542.08
<i>Add:</i>		
A. Remuneration to Directors	509.13	237.74
B. Directors Sitting Fees	1.08	0.68
C. Commission	434.00	31.00
D. Provision for doubtful dates	20.85	0.00
	22,075.93	2,811.50
<i>Less:</i>		
A. Profit on sale of fixed Assets	41.83	12.53
B. Sundry credit balances written back	22.49	23.93
Net profit as per section 349 of the Companies Act 1956	22,011.61	2,775.04
Remuneration including commission @ 10%	2,201.16	277.50
Commission provided is subject to approval of shareholder at the ensuing Annual General Meeting	434.00	31.00

Note: The above remuneration does not include contribution to Gratuity Fund and Leave encashment / Entitlement as these contributions are lump sum amount based on actuarial valuation.

13. Segment Reporting:

- a) The company is only in one line of business namely – Polyester film.
- b) The Segment Revenue in the Geographical segment considered for disclosure are as follows:-
 - i) Revenue within India includes sales to customers located within India.
 - ii) Revenue outside India includes sales to customers located outside India including Export Benefits / Incentives.

Particulars	2010-11 (12 Months) (Rs. in Lakhs)			2009-10 (6 Months) (Rs. in Lakhs)		
	Within India	Outside India *	Total	Within India	Outside India*	Total
Sales	55,977.80	38,034.85	94,012.66	20,396.36	12,525.98	32,922.34
Amount of Segment Assets by Location of assets. (Net Value)	30,221.55	–	30,221.55	20,320.18	–	20,320.18

* Including DEPB

14. Related Party Disclosures

- a) List of Related Parties.

Subsidiaries	Garware Chemicals Ltd. Garware Polyester International Limited
Ultimate Subsidiary	Global Pet Films Inc
Associate Company	Garware Industries Limited
Key Management Personnel	1) Shri. S.B. Garware 2) Mrs. S.S. Garware 3) Mrs. Monika Garware Modi 4) Ms. Sarita Garware 5) Ms. Sonia S. Garware
Enterprises over which Key Managerial Person are able to exercise significant influence	Garware Charitable Trust

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SCHEDULE – 12 (Cond.)

b) Transaction with Related Parties

(Rs. in Lakhs)

Particulars	2010-11 * 12 Months	2009-10 * 6 Months
i] Sale of Goods		
a] Subsidiaries	13,385.20	426.13
b] Ultimate Subsidiary	2,009.93	743.79
c] Associate Company	4,743.31	9,031.34
ii] Purchase of Materials		
Associate Company	4,818.06	8.95
iii] Services Received / Processing Charges		
a] Subsidiaries	217.48	0.00
b] Ultimate Subsidiary	462.54	0.00
c] Associate Company	1,579.50	1,061.38
iv] Services Rendered		
a] Ultimate Subsidiary	13.60	0.00
b] Associate Company	39.49	64.30
v] Purchase of Capital Asset from a Director	1,525.00	0.00
vi] Balances [Dr. / (Cr)]		
a] Subsidiaries	601.67	78.20
b] Ultimate Subsidiary	(85.48)	307.58
c] Associate Company	556.29	7,194.53
d] Due to Director	(27.70)	0.00
vii] Key Management Personnel & Relatives Managerial Remuneration (Refer Schedule No.11)		
viii] Rent Paid to a Director	3.00	0.00
ix] Donation to Garware Charitable Trust	140.00	50.00

* Figures are on gross basis (Including Taxes & Duties)

15. Earning Per Share

(Rs. in Lakhs)

Particulars	2010-11	2009-10
Profit After Tax	18,845.22	2,537.33
Less : Dividend on Preference Shares including Tax	0.63	0.32
Amount available for Equity Share holders	18,844.59	2,537.01
Weighted average number of Equity Shares (Basic & Diluted) including outstanding	2,33,15,150	2,30,60,386
Earnings per Share - Basic & Diluted (Rupees) (absolute)	80.83	11.00

16. Deferred Tax:

- a) Deferred Tax Liability of Rs. 2,255 Lakhs is provided in the current year, (Previous period Rs. Nil) as per requirement of Accounting Standard 22 "Accounting for Taxes on Income" as follows:

(Rs. in Lakhs)

Closing Deferred Tax Liability as on 31.03.2011	3,699.60
Less: Opening Deferred Tax Liability as on 01.04.2010	1,444.24
	2,255.36
Less: Write Back of Deferred Tax Liability of GDPPL	0.36
Deferred Tax	2,255.00

- b) Major components of deferred tax arising as at 31st March, 2011 are given here below.

Deferred Tax Assets	2010-11 (Rs. in Lakhs)	2009-10 (Rs. in Lakhs)
Dis-allowance U/s 43B of the Income Tax Act, 1961	166.11	112.14
Unabsorbed Business Losses and Depreciation	3,286.41	3,413.09
Others (Including GDPPL)	200.59	91.67
(i)	3,653.11	3,616.90
Less: Deferred Tax Liability:		
Excess of Net Block over WDV as per the Income Tax act, 1961	7,352.71	5,061.14
(ii)	7,352.71	5,061.14
Deferred Tax Assets / (Liability) (Net)	(3,699.60)	(1,444.24)
(i) - (ii)	(3,699.60)	(1,444.24)

SCHEDULE – 12 (Cond.)
17. Disclosure as per AS-15 (Revised) on “Employee Benefit” for the year ended 31st March, 2011.
A. Funded retirement benefit – Gratuity

(Rs. in Lakhs)

Description	2010-2011 (12 Months)	2009-2010 (6 Months)
Change in the defined benefit obligations		
Defined benefit obligations at beginning of the period / year	1,509.87	1,295.89
Service cost	99.05	44.40
Interest cost	114.67	49.80
Actuarial Loss / (Gain)	112.73	157.54
Benefits paid	(147.91)	(37.76)
Defined benefit obligations at end of the period / year (a)	1,688.41	1,509.87
Change in plan assets		
Fair Value of plan assets at beginning of the period / year	1,301.16	1,226.56
Expected return on plan assets	122.15	55.33
Contributions by employer	155.34	43.60
Actuarial Gain / (Loss)	0.24	13.43
Benefits paid	(147.91)	(37.76)
Fair value of plan assets at end of the period / year (b)	1,430.98	1,301.16
Present Value of un funded obligations (a-b)	257.43	208.71
The net amount recognized in the statement of profit and loss for the period ended 31 st March, 2011 is as follows:		
Current service cost	99.05	44.40
Interest cost	114.67	49.80
Expected return on plan assets	(122.15)	(55.33)
Net actuarial Loss / (Gain) recognized	112.49	144.11
Net amount recognized	204.06	182.98
Actual Return on Plan Assets		
The principal actuarial assumptions used as at 31 st March, 2011 are as follows:		
Discount Rate	8.00%	8.00%
Expected rate of return on plan assets		
Withdrawal rate	Up to Age 35 : 5% 36-50 : 2% 51 & abv : 1%	Up to Age 35 : 5% 36-50 : 2% 51 & abv : 1%
Rate of increase in compensation levels	5.00%	5.00%

B. Un-funded retirement benefit – Leave Encashment

(Rs. in Lakhs)

Description	2010-2011 (12 Months)	2009-2010 (6 Months)
Change in the defined benefit obligations		
Defined benefit obligations at beginning of the period / year	905.92	846.02
Service cost	56.10	44.53
Interest cost	70.85	32.66
Actuarial Loss / (Gain)	(57.01)	0.40
Benefits paid	(40.40)	(17.69)
Defined benefit obligations at end of the period / year (a)	935.46	905.92
Change in plan assets		
Fair Value of plan assets at beginning of the period / year	0.00	0.00
Expected return on plan assets	0.00	0.00
Contributions by employer	40.40	17.69
Actuarial Gain / (Loss)	0.00	0.00
Benefits paid	(40.40)	(17.69)
Fair value of plan assets at end of the period / year (b)	0.00	0.00
Present Value of un funded obligations (a-b)	935.46	905.92
The net amount recognized in the statement of profit and loss for the period ended 31 st March, 2011 is as follows:		
Current service cost	56.10	44.53
Interest cost	70.85	32.66
Expected return on plan assets	0.00	0.00
Net actuarial Loss / (Gain) recognized	(57.01)	0.40
Net amount recognized	69.94	77.59
Actual Return on Plan Assets	0.00	0.00
The principal actuarial assumptions used as at 31 st March, 2011 are as follows:		
Discount Rate	8.00%	8.00%
Expected rate of return on plan assets		
Withdrawal rate	Up to Age 35 : 5% 36-50 : 2% 51 & abv : 1%	Up to Age 35 : 5% 36-50 : 2% 51 & abv : 1%
Rate of increase in compensation levels	7.00%	7.00%

SCHEDULE – 12 (Cond.)

18. DISCLOSURE IN ACCORDANCE WITH SECTION 22 OF MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

(Rs. in Lakhs)

Sr. No.	Particulars	As at March 31, 2011	As at March 31, 2010
A	Principal amount remaining unpaid	185.68	83.92
B	Interest due thereon	NIL	NIL
C	Interest paid by the Company in term of Section 16	NIL	NIL
D	Interest due and payable for the period of delay in payment	NIL	NIL
E	Interest accrued and remaining unpaid	NIL	NIL
F	Interest remaining due and payable even in succeeding years	NIL	NIL

This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

19. In accordance with Accounting Standard 28 (AS 28) issued by the Institute of Chartered Accountants of India on Impairment of Assets, the company had appointed professional consultancy firm as the Valuer's to assess impairment of each cash generating unit (CGU) by taking market value and its potential capacity to generate cash flows. According to the Valuer's report, there is no impairment to any of the assets as such no provision for impairment of assets is required to be made in the accounts.
20. The significant leasing arrangements of the company are in respect of operating leases for premises and vehicles. These leasing arrangements range between 11 months and 5 years and are usually renewable by mutual consent on mutually agreeable terms. The agreeable lease rental payable are charged to Profit and Loss account and shown under administrative, selling and general expenses in appropriate heads.
21. Additional information pursuant to the provisions of paragraphs 3 and 4C of part II of Schedule VI of the Companies Act, 1956.

(A) Licensed & Installed Capacities:

Product	2010-11		2009-10	
	Licensed / Registered (T.P.A.)	Installed Capacity (T.P.A.)	Licensed/ Registered (T.P.A.)	Installed Capacity (T.P.A.)
(i) Polyester Film	80,000	41,000	80,000	41,000
(ii) Metallised Film	2,210	2,210	2,210	2,210
(iii) Polyester Chips	1,04,400	1,04,400	1,04,400	1,04,400

Note: Installed capacities and Licensed capacities are as per the certificate given by the Director – Technical on which Auditors have relied.

(B) Details of Sales

Particulars	2010-11 (12 Months)		2009-10 (6 Months)	
	Qty. (MT)	Value (Rs. in Lakhs)	Qty. (MT)	Value (Rs. in Lakhs)
Class of Goods:				
(i) Polyester films (Plain / Lacquered / Laminated / Stabilised / Coloured & Metallised)	44,927	90,577	23,058	32,921
(ii) Others (Including Traded Goods)		3,436		1

(C) Actual Production & Stocks

Particulars	Unit	2010-11 (12 Months)			2009-10 (6 Months)		
		Op. Stock	Production	Cl. Stock	Op. Stock	Production	Cl. Stock
Class of Goods							
(i) Polyester films (Plain / Lacquered / Thermal / Laminated / Stabilised / Coloured & Metallised)	MT Rs. in Lakh	371.21 589.89	45,914.80	1,359.22 2,274.48	405.37 577.87	23,023.87	371.21 589.89
(ii) Chips (excluding conversion)		NA	Produce for captive use in the manufacture of films.	NA	NA	Produce for captive use in the manufacture of films.	
(iii) Others	Rs. in Lakh	0.28		0.00	2.26		0.28

SCHEDULE – 12 (Cond.)
(D) Consumption of Raw Materials:

Particulars	2010-11 (12 Months)		2009-10 (6 Months)	
	Qty. (MT)	Value (Rs. in Lakhs)	Qty. (MT)	Value (Rs. in Lakhs)
(i) DMT	8	5.06	14	9.42
(ii) PTA	40,432	20,605.68	19,493	8,785.24
(iii) MEG	16,478	7,504.44	7,787	3,325.45
(iv) Others		8,365.46		2,703.30
Total*		36,480.64		14,823.41

*After adjusting sale of raw material amounting to Rs. 286.58 Lakhs (Previous period Rs. 32.14 Lakhs).

(E) Details of imports on CIF basis:

(Rs. in Lakhs)

Particulars	2010-11 (12 Months)	2009-10 (6 Months)
(i) Raw Materials	4,800.35	615.00
(ii) Packing Materials	52.41	31.00
(iii) Components & Spares	264.12	93.51
(iv) Capital Goods	1,200.19	32.16

(F) Details of Imported & Indigenous Raw Materials and Spares parts consumed and percentage of each to the total:

Particulars	2010-11 (12 Months)		2009-10 (6 Months)	
	Value (Rs. in Lakhs)	% of Total	Value (Rs. in Lakhs)	% of Total
(i) Raw Materials:				
- Imported	2,423.47	7	910.99	6
- Indigenous	34,057.17	93	13,912.42	94
Total	36,480.64	100	14,823.41	100
(ii) Stores & Spares:				
- Imported	821.18	41	44.87	11
- Indigenous	1,199.90	59	345.32	89
Total	2,021.08	100	390.19	100

(G) Remittances / Expenditure in Foreign Currency:

(Rs. in Lakhs)

Particulars	2010-11 (12 Months)	2009-10 (6 Months)
(i) Commission	650.03	20.31
(ii) Advertisement/Selling Expenses	1.92	57.45
(iii) Traveling Expenses	147.88	13.98
(iv) Books, Periodicals & Subscription	3.85	11.47
(v) Technical / Engg. Services/Professional Charges	115.06	25.37
(vi) Exhibition Expenses	2.42	8.08
(vii) Interest	512.72	396.78

(H) Earnings in Foreign Exchange:

(Rs. in Lakhs)

Particulars	2010-11 (12 Months)	2009-10 (6 Months)
(i) Exports (FOB basis)	36,357.14	11,879.97

22. Previous period figures have been rearranged and regrouped wherever necessary to conform to the classification adopted for the current year. Figures of the current year are not comparable with the figures of the previous period being current period is of twelve months and include the demerger figures of manufacturing business of Garware Chemicals Limited and erstwhile figures of Great Design Properties Pvt. Ltd. the transferred company.

As per our report of even date

 For **SHAH & CO.**
 Chartered Accountants
 (Registration No. 109430W)

INDULAL H. SHAH
 Partner

 Mumbai, 14th November, 2011

For and on behalf of the Board of Directors

S. B. GARWARE – Chairman & Managing Director

B. MORADIAN – Director

M. S. ADSUL – Director – Technical

MANOJ KOUL – Company Secretary & Sr. General Manager

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B BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.	<input type="text" value="10889"/>	State Code	<input type="text" value="11"/>
Balance Sheet Date	<input type="text" value="31.03.2011"/>		

II. Capital raised during the year (Amount in Rs. Thousand)

Public Issue	<input type="text" value="NIL"/>	Rights Issue	<input type="text" value="NIL"/>
Bonus Issue	<input type="text" value="NIL"/>	Private Placement	<input type="text" value="NIL"/>

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)

Total Liabilities	<input type="text" value="6942424"/>	Total Assets	<input type="text" value="6942424"/>
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Sources of Funds

Paid-up Capital	<input type="text" value="777131"/>	Reserves & Surplus	<input type="text" value="4034381"/>
Secured Loans	<input type="text" value="1640606"/>	Unsecured Loans	<input type="text" value="120346"/>
Deferred Tax Liability	<input type="text" value="369960"/>		

Application of Funds

Net Fixed Assets	<input type="text" value="5479032"/>	Investments	<input type="text" value="21586"/>
Net Current Assets	<input type="text" value="1441806"/>	Misc. Expenditure	<input type="text" value="0"/>

IV. Performance of Company (Amount in Rs. Thousand)

Turnover	<input type="text" value="13391452"/>	Total Expenditure	<input type="text" value="11116743"/>
Profit before tax and	<input type="text" value=""/>	Profit after tax and	<input type="text" value=""/>
Exeptional Items	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="text" value="2274709"/>	Exception Items	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="text" value="1884522"/>

(Please tick Appropriate box "+" for Profit "-" for Loss)

Earning per share *	<input type="text" value="80.83"/>	Dividend rate %	<input type="text" value="100%"/>
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V. Generic Names of Three Principal Products/Services of Company (as per monetary term)

Item Code No.	<input type="text" value="39206909"/>	<input type="text" value="39206903"/>	<input type="text" value="39206904"/>
Product Description	<input type="text" value="POLYESTER FILM"/>	<input type="text" value="PACKAGING POLYESTER FILM"/>	<input type="text" value="SUN CONTROL FILM"/>

* Refer Note No 15 in Schedule 12 B

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

	Year ended 31.03.2011 (12 Months) (Rs. in Lakhs)	Period ended 31.03.2010 (6 Months) (Rs. in Lakhs)
A. Cash flow from operating activities:		
Profit before Exceptional items	22,747.09	2542.08
<i>Add:</i> Depreciation	3,964.49	1,609.39
Interest expenses - Net	2,463.37	1,633.74
Miscellaneous Expenses written off	5.83	8.92
Provision for Doubtful Debts	20.85	0.00
Provision for Leave & Gratuity Provision	78.26	199.28
Sub Total	<u>6,532.80</u>	<u>3,451.33</u>
Total	29,279.89	5,993.41
<i>Less:</i> Interest income	160.74	22.86
Gain on Exchange Rate Fluctuations	88.05	0.00
Profit on sale of fixed assets	41.83	12.53
Dividend received/Income from Investment	167.05	11.40
Sundry balances Written Back (Net)	22.49	23.93
Rent	2.40	2.10
Sub total	<u>482.56</u>	<u>72.82</u>
Operating profit before working capital changes.	28,797.33	5,920.59
Adjustments For :		
(Increase)/Decrease in trade/other receivable (Net)	908.82	(802.85)
(Increase)/Decrease in inventories	(3,838.16)	228.89
Increase/(Decrease) in trade/other payables	2,427.31	(75.97)
Cash generated from operations	<u>28,295.30</u>	<u>5270.66</u>
Direct taxes refund/(paid)(Net)	<u>(4,178.40)</u>	<u>(658.09)</u>
Net cash inflow/(outflow) from operations	24,116.90	4612.57
B. Cash flow from investing activities :		
Purchase of fixed assets	(4,824.16)	(489.92)
Shares purchased by Amalgamating Company and subsequently cancelled as per Scheme of Arrangement and Amalgamation	(1,016.10)	0.00
Sale of fixed assets	73.16	20.06
Interest received	160.74	22.86
Investments	(1,545.85)	0.00
Dividend received/Income from Investment	167.05	11.40
Rent	2.40	2.10
Amalgamation Expenses	(29.29)	0.00
Net cash inflow/(outflow) from investing activities.	(7,012.05)	(433.50)
C. Cash flow from financing activities		
Interest / Financial Charges	(2,463.37)	(1,633.74)
Repayment of Long Term Borrowings	(5,145.26)	(2,633.80)
Repayment of Unsecured Loan from SICOM	(12.73)	(62.69)
Proceeds / (Repayments) of Short Term Borrowings	(8,459.40)	461.22
Dividend / Unclaimed Dividend paid including Dividend distribution tax	(478.57)	(265.75)
Net cash inflow/(outflow) from financing activities	(16,559.33)	(4,134.76)
Net increase/(decrease) in cash and cash equivalents	545.52	44.31
Cash and cash equivalents as at opening		
Cash and bank balances	996.60	952.29
<i>Add:</i> Cash and bank balances taken over from Garware Chemicals Ltd and Great Design Properties Pvt. Ltd in terms of scheme of amalgamation	1,080.15	0.00
Cash and cash equivalents as at closing	2,622.27	996.60
Cash and bank balances	<u>545.52</u>	<u>44.31</u>

As per our report of even date

 For **SHAH & CO.**
 Chartered Accountants
 (Registration No. 109430W)

INDULAL H. SHAH
 Partner

 Mumbai, 14th November, 2011

For and on behalf of the Board of Directors

S. B. GARWARE – Chairman & Managing Director

B. MORADIAN – Director

M. S. ADSUL – Director – Technical

MANOJ KOUL – Company Secretary & Sr. General Manager

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956,
RELATING TO SUBSIDIARY COMPANIES**

A)	Name of the Subsidiary Companies	Garware Polyester International Limited	Garware Pet Films Inc.
B)	Financial Year of the Subsidiary Companies ended on:	31st March, 2011	31st March, 2011
C)	Shares of the Subsidiary held by Garware Polyester Limited, on the above dates:		
	(a) Number and Face Value	2,50,000 Equity Shares of Pound 1 each	NIL
	(b) Extent of holding	100%	
D)	The net aggregate of Profit / (Loss) of the Subsidiary Companies so far as it concerns the members of Garware Polyester Limited		
	(a) Not dealt with in the accounts Garware Polyester Limited, for the year ended 31/03/2011.	(in Pound)	
	(i) For the Subsidiaries' Financial Year ended on the respective dates	374542	N.A.
	(ii) For the previous Financial Years of the Subsidiaries since they became the Holding Company's Subsidiaries	(in Pound) 311847	N.A.
	(b) Dealt with in the accounts of Garware Polyester Limited, for the year ended 31/03/2011 amounted to:-		
	(i) For the Subsidiaries' Financial Year ended on the respective dates	N.A.	N.A.
	(ii) For the previous Financial Years of the Subsidiaries since they became the Holding Company's Subsidiaries	(in Pound) 25000	N.A.
E)	Changes in the interest of Garware Polyester Ltd. between the end of the Subsidiaries' Financial Year and 31/03/2011	NIL	NIL
F)	Material changes between the end of the Subsidiary's Financial Year and 31/03/2011	NIL	NIL
	(1) Fixed Assets		
	(2) Investments		
	(3) Monies lent by the Subsidiary		
	(4) Monies borrowed by the Subsidiary Company other than for meeting Current Liabilities		

For and on behalf of the Board of Directors

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

B. MORADIAN – *Director*

M. S. ADSUL – *Director – Technical*

MANOJ KOUL – *Company Secretary & Sr. General Manager*

Mumbai, 14th November, 2011

**AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF GARWARE POLYESTER LIMITED
ON THE CONSOLIDATED FINANCIAL STATEMENTS OF
GARWARE POLYESTER LIMITED AND ITS SUBSIDIARIES**

We have examined the attached consolidated Balance Sheet of Garware Polyester Limited and its subsidiaries as mentioned in Note B (1) of Schedule 12 of the consolidated financial accounts as at 31st March, 2011, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto.

These financial statements are the responsibility of the Garware Polyester Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with and identified financial reporting framework and are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of the subsidiary viz Garware Polyester International Limited and step down subsidiary viz Global Pet Films Inc. whose Financial Statements reflects total assets of Rs. 950.86 Lakhs as on 31.03.2011 and total revenue of Rs. 4,944.52 Lakhs for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of subsidiaries is based solely on the audited accounts of the other auditors for the year ended 31st March, 2011.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India on the basis of the separate audited financial statements of Garware Polyester Limited and its subsidiaries included in the Consolidated Financial Statements.

On the basis of the information and explanations given to us, and on the consideration of the separate audit reports on individual audited financial statements of Garware Polyester Limited and its subsidiaries, the said Consolidated Financial Statements read together with the notes in Schedule - 12, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India.

- a) In the case of the Consolidated Balance Sheet of the consolidated state of affairs of Garware Polyester Limited and its subsidiaries as at 31st March, 2011 ;
- b) In the case of the consolidated Profit and Loss Account of the consolidated results of operations of Garware Polyester Limited and its subsidiaries for the year ended on that date;

AND

- c) In the case of the Consolidated Cash Flows Statement of the Consolidated Cash Flows for the year ended on that date.

For **Shah & Co.**
Chartered Accountants
(Registration No. 109430W)

(Indulal H. Shah)
Partner
Membership No. : 798

Mumbai
14th November, 2011

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CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule		As at 31.03.2011 (Rs. in Lakhs)	As at 31.03.2010 (Rs.in Lakhs)
FUNDS EMPLOYED :				
SHAREHOLDERS' FUNDS				
Share Capital	1		6,698.12	7,745.83
Share Capital Suspense	1A		1,073.19	0.00
Reserves & Surplus	2		<u>40,734.17</u>	<u>19,419.16</u>
			48,505.48	27,164.99
LOAN FUNDS				
Secured Loans	3A		16,685.41	30,394.01
Unsecured Loans	3B		<u>1,203.46</u>	<u>30.56</u>
			17,888.87	30,424.57
Deferred Tax Liability			<u>3,699.60</u>	<u>1,444.24</u>
TOTAL			<u>70,093.95</u>	<u>59,033.80</u>
APPLICATION OF FUNDS :				
FIXED ASSETS				
Gross Block	4		1,06,641.03	86,470.43
Less: Depreciation			<u>52,713.67</u>	<u>48,766.23</u>
Net Block			<u>53,927.36</u>	<u>37,704.20</u>
Capital Work in Progress			<u>872.84</u>	<u>331.96</u>
			54,800.20	38,036.16
INVESTMENTS	5		82.29	3,676.45
CURRENT ASSETS, LOANS AND ADVANCES				
Inventories	6		9,726.16	5,660.75
Sundry Debtors			3,018.91	10,473.32
Cash and Bank Balances			3,350.01	1,522.14
Other Current Assets			1,255.22	2,152.58
Loans and Advances			<u>6,800.98</u>	<u>1,928.37</u>
			24,151.28	21,737.16
Less: CURRENT LIABILITIES AND PROVISIONS	7			
Current Liabilities			5,443.00	2,893.23
Provisions			<u>3,496.82</u>	<u>1,528.57</u>
			8,939.82	<u>4,421.80</u>
Net Current Assets			15,211.46	17,315.36
Miscellaneous Expenditure (To the extent not Written off)				
Share Issue Expenses.			<u>0.00</u>	<u>5.83</u>
TOTAL			<u>70,093.95</u>	<u>59,033.80</u>

The notes in Schedule 12 and Schedules referred to herein form an integral part of the Balance Sheet

As per our report of even date

For **SHAH & CO.**

Chartered Accountants
(Registration No. 109430W)

INDULAL H. SHAH

Partner

Mumbai, 14th November, 2011

For and on behalf of the Board of Directors

S. B. GARWARE – Chairman & Managing Director

B. MORADIAN – Director

M. S. ADSUL – Director – Technical

MANOJ KOUL – Company Secretary & Sr. General Manager

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedule	2010-11 (12 Months) (Rs. in Lakhs)	2009-10 (6 Months) (Rs. in Lakhs)
INCOME :			
Sales including Excise duty		94,929.43	33,174.57
Inter-Divisional Transfers (as per contra)		38,762.07	19,814.21
Gross Sales		1,33,691.50	52,988.78
Less: Excise duty		4,932.42	1,653.22
Net Sales		1,28,759.08	51,335.56
Other Income	8	1,103.24	143.77
Net Income from Shares Trading		45.38	0.00
Increase / (Decrease) in Finished and Semi-Finished Goods	9	3,082.25	(357.12)
		1,32,989.95	51,122.21
EXPENDITURE :			
Raw Materials consumed	10	36,928.57	14,463.21
Inter-Divisional Transfers (as per contra)		38,762.07	19,814.21
Purchase of Traded Goods		2,783.73	0.00
Manufacturing & other expenses	11	24,959.81	10,876.37
Interest & financial charges (Refer Note No.13 in Schedule 12B)		2,499.87	1,648.89
		1,05,934.05	46,802.68
Profit before Depreciation and Exceptional Items		27,055.90	4,319.53
Depreciation		3,966.94	1,611.48
Profit before Exceptional Items		23,088.96	2,708.05
Less: Exceptional Items (Refer Note No.12 in Schedule 12B)		1,636.22	0.00
Profit before Taxation		21,452.74	2,708.05
Less: Provision for Taxation :			
Current Tax		4,194.28	431.01
Less: MAT Credit Entitlement		(4,154.66)	(430.00)
Deferred Tax		2,255.00	0.00
Wealth Tax		10.65	4.75
Profit after Tax		19,147.47	2,702.29
Add: Balance brought forward from previous period		9,290.21	7,121.60
Profit available for appropriation		28,437.68	9,823.89
APPROPRIATIONS :			
Dividend Payable on Preference Shares		0.54	0.27
Interim Dividend on Equity Shares		188.76	0.00
Proposed Final Dividend on Equity Shares		1,981.79	345.91
Tax on Dividend		379.04	57.50
Transfer to General Reserve		1,884.52	130.00
		4,434.65	533.68
Balance carried to Balance Sheet		24,003.03	9,290.21
Earning per Share {(Basic/Diluted) (Rupees) (Face value of Rs. 10/- each)} (Refer Note No.17 in Schedule 12B)		82.12	11.72

The notes in Schedule 12 and Schedules referred to herein form an integral part of the Profit & Loss Account

As per our report of even date

For **SHAH & CO.**

Chartered Accountants
(Registration No. 109430W)

INDULAL H. SHAH

Partner

Mumbai, 14th November, 2011

For and on behalf of the Board of Directors

S. B. GARWARE – Chairman & Managing Director

B. MORADIAN – Director

M. S. ADSUL – Director – Technical

MANOJ KOUL – Company Secretary & Sr. General Manager

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SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

SCHEDULE – 1

	As at 31.03.2011 (Rs. in Lakhs)	As at 31.03.2010 (Rs. in Lakhs)
SHARE CAPITAL		
Authorised:		
4,00,00,000 Equity Shares of Rs.10/- each	4,000.00	4,000.00
60,00,000 Preference Shares of Rs.100/- each	6,000.00	6,000.00
	<u>10,000.00</u>	<u>10,000.00</u>
Issued, Subscribed and Paid-up:		
2,30,60,386 Equity Shares of Rs.10/- each fully paid-up	2,306.04	2,306.04
1,04,77,100 Less : Equity Shares of Rs.10/- each cancelled as per Scheme of Amalgamation and Arrangement of Great Design Properties Pvt. Ltd. (GDPPL) under section 391 to 394 of the act with Company (Refer Note No. 3 in Schedule 12B)	<u>1,047.71</u>	0.00
1,25,83,286	<u>1,258.33</u>	2,306.04
Less: Unpaid allotment / call money (from others)	<u>6.21</u>	<u>6.21</u>
	1,252.12	2,299.83
54,46,000 0.01% Cumulative Redeemable Preference Shares of Rs.100/- each (Previous period 54,46,000) (Refer Note – (vii) below)	<u>5,446.00</u>	5,446.00
TOTAL	<u>6,698.12</u>	<u>7,745.83</u>

Out of the above :

- (i) 16,50,600 Equity Shares of Rs. 10/- each were allotted as fully paid-up Bonus Shares by capitalisation of Reserves (Previous period 16,50,600)
- (ii) 6,60,000 Equity Shares of Rs. 10/- each were allotted as fully paid-up pursuant to a Scheme of Amalgamation without payment being received in cash (Previous period 6,60,000)
- (iii) 64,860 Equity Shares of Rs. 10/- each were allotted as fully paid up to Industrial Development Bank of India Limited (IDBI) at a premium of Rs. 40/- per share in consideration of conversion of a part of the loan amount of Rs. 32.43 Lakhs (Previous period 64,860)
- (iv) 47,80,799 Equity Shares of Rs. 10/- each were allotted as fully paid up at a premium of Rs. 40/- per share against 23,90,400 detachable warrants (Previous period 47,80,799)
- (v) 10,19,022 Equity shares of Rs. 10/- each were allotted as fully paid up to IDBI at a premium of Rs.48.88 per share on 7th November 2007 as per arrangement (Previous period 10,19,022).
- (vi) 2,00,000 Equity shares of Rs. 10/- each were allotted as fully paid up to various schemes operating under UTI Assets Management Company Limited at a premium of Rs. 22.67 per share on 23rd December 2008 as per arrangement (Previous period 2,00,000).
- (vii) 54,46,000 0.01% Cumulative Redeemable Preference Shares of Rs. 100/- each were allotted as fully paid up to IDBI at par (49,54,000 on 7th November 2007 and 4,92,000 on 19th June 2008) as per arrangement. The preference shares amounting to Rs. 4954.00 Lakhs shall be redeemed in 3 equal installments from 1st April 2014 to 1st April 2016 and Rs. 492.00 Lakhs shall be redeemed in single installment on 1st April 2016 (Previous period 54,46,000).

SCHEDULE – 1 (A)

SHARE CAPITAL SUSPENSE

2,54,764 Equity Shares of Rs. 10/- each fully paid-up to be issued to the shareholders of Garware Chemicals Ltd. (GCL) as per Scheme of Arrangement under Section 391 to 394 of the Companies Act,1956 (Refer Note No. 4 in Schedule 12B)	25.48	0.00
1,04,77,100 Equity Shares of Rs. 10/- each fully paid-up to be issued to the shareholders of Great Design Properties Pvt. Ltd. (GDPPL) as per Scheme of Amalgamation and Arrangement under Section 391 to 394 of the Companies Act,1956 (Refer Note No. 3 in Schedule 12B)	<u>1,047.71</u>	0.00
	<u>1,073.19</u>	<u>0.00</u>

SCHEDULE - 2

RESERVES AND SURPLUS

Share Premium :

Balance as per last Balance Sheet 592.14 592.14

Debenture Redemption Reserve :

Balance as per last Balance Sheet 1,356.05 1,356.05

Revaluation Reserve :

Balance As per last Balance Sheet 4,584.49 4,584.49

Capital Reserve :

Amount transferred on Settlement with Debenture holders 4,439.48 0.00

General Reserve :

Balance As per last Balance Sheet 3,494.00 3,364.00

Add: Transfer from Profit and Loss Account 1,884.52 130.00

5,378.52 3,494.00

Foreign Currency Translation Reserve

Balance as per last Balance Sheet 102.27 135.58

Addition / (Deduction) during the year 278.19 (33.31)

380.46 102.27

Profit & Loss Account

Balance as per Profit and Loss Account 24,003.03 9,290.21

TOTAL **40,734.17** **19,419.16**

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET (Contd.)
SCHEDULE - 3

		As at 31.03.2011 (Rs. in Lakhs)		As at 31.03.2010 (Rs. in Lakhs)	
A. SECURED LOANS					
I Debentures / Bonds					
(i)	Zero Coupon Bonds	A	151.00	195.00	
	Less : Redeemed during the year		88.00	44.00	
			63.00	151.00	
(ii)	Debentures				
(a)	Debentures acquired as on 01.04.2010 as per Scheme of Arrangement under Section 391 to 394 of the Companies Act, between the Company and Garware Chemicals Ltd. (GCL) (Refer Note No. 4 in Schedule 12B)		4,358.00	0.00	
(b)	Interest Accrued and due on above		81.48	0.00	
			4,439.48	0.00	
	Less: Transferred to Capital Reserve on Settlement		4,439.48	0.00	
			0.00	0.00	
			63.00	151.00	
II. From Banks					
(i)	Cash / Packing Credit Accounts	B	5.29	2,455.15	
(ii)	(a) Working Capital Demand Loans / Foreign Currency Demand Loans		212.41	752.04	
	(b) Working Capital Loans		8,357.85	14,019.75	
			8,570.26	14,771.79	
			8,575.55	17,226.94	
III Term Loans					
(i)	Banks	C			
(a)	Rupee Loans		1,020.32	0.00	
(b)	Foreign Currency Loans		6,575.94	12,850.39	
			7,596.26	12,850.39	
(ii)	Vehicle Finance	D	450.60	165.68	
			8,046.86	13,016.07	
	TOTAL		16,685.41	30,394.01	

(Refer Note No. 9 Schedule 12B)

Notes :

- (A) Zero Coupon Bonds of Rs.100/- each aggregating to Rs. 63.00 Lakhs (Previous period Rs. 151.00 Lakhs) are secured by a mortgage on Company's immovable property situated at Vile Parle, Mumbai (the charge on the immovable property situated at Vile Parle, Mumbai has since been released by the bank on 26th August, 2011 and the loan is now secured by the fixed assets situated at Aurangabad and Nasik).
- (B) Cash / Packing Credit / Working Capital Loans are secured by hypothecation of stores, spares & packing materials and stock-in-trade and book debts of the Company and further secured by a second charge on the movable assets of the Company & immovable properties situated at Aurangabad and Nasik.
- (C) Term Loans of Rs. 7,596.26 Lakhs (Previous period Rs. 12,850.39 Lakhs) are secured as under:
- (1) Term Loans of Rs. 5,383.50 Lakhs from Indian Overseas Bank (Previous period Rs. 11,123.39 Lakhs) are secured by a mortgage on Company's immovable property situated at Vile Parle, Mumbai (the charge on the immovable property situated at Vile Parle, Mumbai has since been released by the bank on 26th August, 2011 and the loan is now secured by the fixed assets situated at Aurangabad and Nasik).
 - (2) Term Loans of Rs. 578.73 Lakhs from Indian Overseas Bank (Previous period Rs. 1,727.00 Lakhs) are secured by charge on the specific assets and also by way of collateral of the Company's immovable property situated at Vile Parle, Mumbai (the charge on the immovable property situated at Vile Parle, Mumbai has since been released by the bank on 26th August, 2011 and the loan is now secured by the fixed assets situated at Aurangabad and Nasik).
 - (3) Term Loans of Rs. 1,196.89 Lakhs from Indian Overseas Bank (Previous period Rs. Nil) are secured by charge on the Specific assets.
 - (4) Term Loans of Rs. 437.14 Lakhs of the transferor company are against Fixed Deposits.
- (D) Vehicle Finances are secured by hypothecation of specific assets.

B. UNSECURED LOANS

Interest Free Sales tax / VAT Deferral Loan of SICOM
 (Acquired as per Scheme of Arrangement under
 Section 391 to 394 of the Companies Act, between the Company and
 Garware Chemicals Ltd. (GCL) (Refer Note No. 4 in Schedule 12B)
 (Amount repayable within one year Rs. Nil, Previous period Rs. 5.66 Lakhs)

1,203.46
30.56
TOTAL
1,203.46
30.56

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SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET (Contd.)

SCHEDULE - 4

FIXED ASSETS

(Rs. in Lakhs)

Sr. No.	Description of Assets	GROSS BLOCK					DEPRECIATION	NET BLOCK	
		Cost/Revaluation as at 01.04.2010	Additions during the year	Additions due to Schemes of Arrangements and Amalgamation	Sales/Transfer/Adjustment (Including Assets of Demerged & Amalgamated companies)	Cost/Revaluation as at 31.03.2011	Up to 31.03.2011	As at 31.03.2011	As at 31.03.2010
A.	<u>TANGIBLE ASSETS</u>								
1.	Land (Freehold)	11,576.62	0.00	0.00	0.00	11,576.62	0.00	11,576.62	11,576.62
2.	Land (Leasehold)	1,867.50	0.00	0.00	0.00	1,867.50	0.00	1,867.50	1,867.50
3.	Buildings	7,848.15	1,564.88	151.19	12.29	9,551.93	5,338.08	4,213.85	2,786.75
4.	Plant & Machinery	56,923.27	1,901.44	11,364.65	13.80	70,175.56	39,953.60	30,221.96	20,318.12
5.	Electrical Installations	3,018.58	0.69	0.00	0.00	3,019.27	2,587.61	431.66	500.69
6.	Moulds	287.54	0.00	0.00	0.00	287.54	287.54	0.00	0.00
7.	Laboratory Equipments	351.38	4.04	19.53	0.00	374.95	243.65	131.30	128.36
8.	Furniture & Fixtures	533.54	25.37	0.97	0.97	558.91	481.20	77.71	66.34
9.	Office Equipments	543.26	21.50	0.00	0.00	564.76	425.22	139.54	149.26
10.	Vehicles	496.08	447.36	0.00	26.93	916.51	359.30	557.21	230.72
11.	Capital Expenditure On Research & Development	218.60	0.00	0.00	0.00	218.60	213.70	4.90	7.00
12.	Data Processing Equipments	1,217.69	135.28	0.00	4.63	1,348.34	1,206.69	141.65	61.61
B.	<u>IN TANGIBLE ASSETS :</u>								
1.	Software	0.00	191.96	0.00	0.00	191.96	31.98	159.98	0.00
2.	Copyrights	157.46	0.00	0.00	0.00	157.46	157.46	0.00	0.00
3.	Expenditure On Tech. know-how/Product Development	1,430.76	0.00	0.00	0.00	1,430.76	1,427.64	3.12	11.23
4.	Goodwill*	0.00	0.00	4,400.36	0.00	4,400.36	0.00	4,400.36	0.00
	Total	86,470.43	4,292.52	15,936.70	58.62	1,06,641.03	52,713.67	53,927.36	37,704.20
	Previous period	86,136.93	391.77	0.00	58.27	86,470.43	48,766.23	37,704.20	38,943.42
	Capital Work-in-Progress							872.84	331.96

NOTES :

- The Free hold land includes Rs. 4,584.49 Lakhs on account of revaluation of land at Vile Parle, Mumbai as at 31st March, 2007.
- Building include Rs. 0.07 Lakh being value of 136 shares in Co-op. Housing Societies.
- Depreciation has been provided as follows:
 - on Capital Expenditure on R & D and on Assets other than Plant & Machinery on Written Down Value Method as per rates prescribed under Schedule XIV of the Companies Act, 1956.
 - on Plant & Machinery acquired before 02.04.1987, on Straight Line Method as per rates prevalent at the time of acquisition of Assets on single shift basis.
 - on Plant & Machinery acquired after 02.04.1987, on Straight Line Method as per rates prescribed under Schedule XIV of the Companies Act, 1956.
- No Write-off has been made in respect of lease relating to leasehold land.
- Depreciation includes Technical Know-how fees / Product Development Expenses amortised.
- The Gross Block includes Rs. 6,765.35 Lakhs on account of evaluation of certain Assets as at 31st March, 2002.
- In accordance with Accounting Standard (AS-11) and Amendment Rules 2009 on AS-11 Notified by Government of India on 31.03.2009, company has Capitalised Rs. 19.27 Lakhs (Previous period de-capitalised Rs. 11.59 lakhs) on account of exchange rate difference on foreign currency loans (Refer Note No. 5 in schedule 12 A)
- Additions during the year includes assets acquired from Garware Chemical Ltd. and Great Design Properties Pvt. Ltd. (GDPL) as per Schemes of Arrangement and Amalgamation (Refer Note No 4 & 3 in Schedule 12B).

* Refer Note No. 4 (vi) in Schedule 12B.

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET (Contd.)
SCHEDULE – 5

	As at 31.03.2011 (Rs. in Lakhs)	As at 31.03.2010 (Rs. in Lakhs)
INVESTMENTS (AT COST)		
LONG TERM INVESTMENTS		
A In Government Securities (Unquoted) :		
1. 10 years - 8.5% Rural Debentures of Maharashtra State Electricity Board of the face value of Rs. 0.17 Lakh	-	-
2. 7 years National Savings Certificates of the face value of Rs. 0.03 lakh (Lodged with the Excise Authorities as Security Deposit)	-	-
	-	-
B. In Shares :		
I. Quoted		
1. 50 Equity Shares of M.M. Rubber Ltd. of the face value of Rs. 10/- each, fully paid-up	0.01	0.01
2. 2,80,000 Equity Shares of Garware Marine Industries Ltd., of the face value of Rs. 10/- each, fully paid-up	0.00	-
3. 4,00,300 Equity Shares of Garware Wall Ropes Limited, of the face value of Rs. 10/- each, fully paid-up. (Previous period 4,00,000) 300 Shares (*) acquired during the year as per Scheme of Amalgamation and Arrangement of (GDPPL) with the Company.	56.98	56.80
4. 200 Equity Shares(*) of NALCO of the face value of Rs. 10/- each acquired during the year as per Scheme of Amalgamation and Arrangement of Great Design Properties Pvt. Ltd. (GDPPL) with the Company.	0.81	0.00
	57.80	56.81
II. Unquoted		
1. 2,500 Equity Shares of The New India Co-operative Bank Ltd. Mumbai, of the face value of Rs. 10/- each, fully paid-up.	0.25	0.25
2. 2,500 Equity Shares of The North Kanara Goud Saraswat Brahmin Co-operative Bank Ltd., Mumbai, of the face value of Rs. 10/- each, fully paid up.	0.25	0.25
3. 500 Shares of The Co-operative Stores Ltd. (New Delhi) of the face value of Rs. 10/- each, fully paid up.	0.05	0.05
4. 10,000 Equity Shares of S I C O M Ltd., of the face value of Rs. 10/- each fully paid-up	8.00	8.00
5. 20,000 Equity Shares of Deogiri Nagari Sahakari Bank Ltd. of the face value of Rs. 25/- each fully paid up.	5.00	5.00
6. 4,000 Equity Shares of Vaidyanath Urban Co-op. Bank Ltd. of the face value of Rs. 25/- each fully paid-up.	1.00	1.00
7. 1,000 Equity Shares of Poornawadi co-op Bank Ltd. of the face value of Rs.100/- each fully paid-up.	1.00	1.00
8. 1,000 Equity Shares (*) of Cosmos Co-operative Bank Ltd. of the face value of Rs. 10/- each fully paid acquired during the year as per Amalgamation and Arrangement Scheme of GDPPL with the company.	0.02	0.00
9. 1,403 0.1%, Non Cum. Red. Preference Shares (*) of Best Design Properties Private Limited (BDPL), of the face value of Rs. 100/- each acquired during the year as per Scheme of Amalgamation and Arrangement of GDPPL with the company.	1.40	0.00
	16.97	15.55

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SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET (Contd.)

		As at 31.03.2011 (Rs. in Lakhs)	As at 31.03.2010 (Rs. in Lakhs)
SCHEDULE – 5 (Contd.)			
III. In Subsidiary Companies (Unquoted)			
1.	3,03,36,820 Equity Shares of Garware Chemicals Ltd. of the face value of Rs.10/- each fully paid-up including four equity shares held by nominees.	2,307.19	2,307.19
<i>Add:</i>			
a.	214,20,000 Equity Shares of Rs.10 each purchased from "Spinnaker"	496.23	0.00
b.	134,40,000 Equity Shares of Rs.10/- each purchased from IDBI	870.00	0.00
c.	77,10,308 Equity Shares of Rs.10/- each on Conversion of 7.50% Optionally Convertible Debentures	178.62	0.00
d.	22,94,308 Equity Shares of Rs. 10/- each on Conversion of 0.01% OCCRP Shares	1,296.90	0.00
	<u>7,52,01,436 Total Equity Shares</u>	<u>5,148.94</u>	<u>2,307.19</u>
	<i>Less: Impairment due to re-organisation of Capital by Garware Chemicals Ltd. as per Scheme approved by Hon'ble High Court of Bombay</i>	<u>5,141.42</u>	<u>0.00</u>
		7.52	2,307.19
2.	0.01% Optional Convertible Cumulative Redeemable Preference Shares of Garware Chemicals Ltd of the face value of Rs. 10/- each fully paid up (Previous period 129,69,000)	1,296.90	1,296.90
	<i>Less: On Conversion in to 22,94,308 Equity Shares of Rs. 10/- each</i>	<u>1,296.90</u>	<u>0.00</u>
		0.00	1,296.90
	TOTAL	<u>82.29</u>	<u>3,676.45</u>
		Cost	Market value
	NOTE: Aggregate amount of company's investments: Quoted	<u>57.80</u>	<u>275.17</u>
	Unquoted	<u>158.06</u>	<u>56.81</u>
	TOTAL	<u>215.86</u>	<u>3,619.64</u>
		<u>215.86</u>	<u>3,676.45</u>

(63,27,067 Equity Shares of the face value of Rs. 10/- each amounting to Rs. 40,300/- acquired during the year as per Scheme of Amalgamation of GDPPL with the company has been subsequently transferred during the year in exchange of shares to M/s. Envision Properties Pvt. Ltd. (EPPL)).

* In the name of the Amalgamated company.

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET (Contd.)
SCHEDULE – 6

	As at 31.03.2011 (Rs. in Lakhs)	As at 31.03.2010 (Rs. in Lakhs)
CURRENT ASSETS, LOANS & ADVANCES		
A) CURRENT ASSETS:		
I. Inventories: (At lower of cost and net realisable value) (As taken, valued & certified by the Management)		
a) Stores, Spare parts & Packing materials	1,967.59	2,250.75
b) Stock-in-trade		
(i) Raw Materials	2,268.33	1,002.01
(ii) Finished goods	2,396.55	801.94
(iii) Semi-finished goods	3,093.69	1,606.05
	9,726.16	5,660.75
II. Sundry Debtors : (Unsecured, considered good, unless otherwise stated excluding Bills Receivable discounted) (Refer note No.8 in Schedule 12B)		
(a) Debts outstanding for a period exceeding six months.		
(i) Considered Good	0.72	22.86
(ii) Considered Doubtful	514.18	493.33
	514.90	516.19
Less: Provision for Doubtful Debts	514.18	493.33
	0.72	22.86
(b) Other Debts		
Rs. 556.29 Lakhs due from Associate Company (Previous period - Rs. 7,412.50 Lakhs)	3,018.19	10,450.46
	3,018.91	10,473.32
III. Cash and Bank Balances :		
(a) Cash on hand	15.72	18.74
(b) Bank balances :		
(i) With Scheduled Banks:		
In Current Accounts	1,493.45	1,328.70
In Fixed Deposit Accounts (Including Margin Money) (*)	1,609.28	160.22
In Unclaimed Dividend Accounts	30.36	14.48
	3,133.09	1,503.40
(ii) With Co-operative Banks:		
In Current Accounts	1.20	0.00
In Fixed Deposit Accounts	200.00	0.00
(Maximum balance due during the year Rs. 201.45 lakhs)	201.20	0.00
	3,334.29	1,503.40
	3,350.01	1,522.14
IV. Other Current Assets:		
(a) Export benefits/Incentives receivable	557.40	485.66
(b) Other receivables	697.82	1,666.92
	1,255.22	2,152.58
B) LOANS & ADVANCES: (Unsecured, considered good, unless otherwise stated)		
i) Advances recoverable in cash or in kind or for value to be received	818.33	494.19
ii) Advance against Capital Expenditure	310.55	16.70
iii) Balance with Customs & Excise authorities	376.49	318.79
iv) Deposits with others	93.77	96.47
v) MAT Credit Entitlement	5,052.43	897.77
vi) Advance Payment of Income Tax / Fringe Benefit Tax and Tax Deducted at Source (Net of Provisions)	149.41	104.45
	6,800.98	1,928.37
TOTAL	24,151.28	21,737.16

(*) Including Rs. 483.60 Lakhs in the name of amalgamated company.

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SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET (Contd.)

	As at 31.03.2011 (Rs. in Lakhs)	As at 31.03.2010 (Rs. in Lakhs)
SCHEDULE – 7		
<u>CURRENT LIABILITIES AND PROVISIONS:</u>		
A: Current Liabilities :		
(i) Sundry Creditors	3,094.39	1,572.06
Including Rs. Nil of Associate Company (Previous period - Rs. 217.97 Lakhs), Rs. 185.68 lakhs due to MSME (Previous period - Rs. 83.92 Lakhs) Rs. 2.70 Lakhs due to Director (Previous period Rs. Nil)		
(ii) Other Liabilities (Including Rs. 25.11 Lakhs due to Directors)	1,510.95	533.70
(iii) Deposits and Advances from Customers & Others	804.62	770.31
(iv) Investor Education and Protection Fund:		
(a) Unclaimed Dividend	30.90	15.02
(b) Unclaimed Debenture and Interest	2.14	2.14
	5,443.00	2,893.23
B: Provisions		
a) Provision for Taxation (Net of Advance Payments)	0.00	10.26
b) Provision for Leave Encashment / Gratuity	1,192.89	1,114.63
c) Provision for Dividend on Preference Shares	0.54	0.27
d) Provision for Proposed Dividend on Equity Shares	1,981.79	345.91
e) Provision for Tax on Dividend	321.60	57.50
	3,496.82	1,528.57
TOTAL	8,939.82	4,421.80

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT

	2010-11 (12 Months) (Rs. in Lakhs)	2009-10 (6 Months) (Rs. in Lakhs)
SCHEDULE – 8		
<u>OTHER INCOME</u>		
Insurance claims	11.97	23.56
Dividend Income	167.05	11.44
Interest on short term deposits with banks and others (Gross) (TDS Rs. 16.77 Lakhs, Previous period Rs. 2.16 Lakhs)	160.74	22.86
Miscellaneous income	138.18	47.35
Profit on sale of fixed assets (Net)	41.83	12.53
Excess Provision / Sundry Credit Balances written back	22.49	23.93
Rent (TDS Rs. Nil, Previous period Rs. 0.15 Lakh)	2.40	2.10
Interest on Income Tax / Sales Tax refund	23.15	0.00
Sales Tax refund	49.29	0.00
Gain on Exchange Rate Fluctuations	486.14	0.00
TOTAL	1,103.24	143.77

SCHEDULE – 9

INCREASE/(DECREASE) IN FINISHED AND SEMI-FINISHED GOODS

Opening Stock:		
Finished goods	801.94	940.95
Semi finished goods	1,606.05	1,824.16
	2,407.99	2,765.11
Closing Stock:		
Finished goods	2,396.55	801.94
Semi finished goods	3,093.69	1,606.05
	5,490.24	2,407.99
Increase / (Decrease)	3,082.25	(357.12)

SCHEDULE – 10

RAW MATERIALS CONSUMED

Opening Stock		
Add: Purchases and Expenses	1,002.01	1,015.74
	38,194.89	14,449.48
	39,196.90	15,465.22
Less: Closing Stock	2,268.33	1,002.01
TOTAL	36,928.57	14,463.21

(Refer Note No. 22 in Schedule 12B)

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT (Contd.)

	2010-11 (12 Months) (Rs. in Lakhs)	2009-10 (6 Months) (Rs. in Lakhs)
SCHEDULE – 11		
MANUFACTURING AND OTHER EXPENSES		
A. Manufacturing Expenses:		
Stores, Spares and Packing Materials consumed	4,332.66	1,204.11
Power and Fuel	6,503.61	3,160.69
Processing Charges	1,723.77	963.01
Water Charges	76.21	14.91
	12,636.25	5,342.72
B. Employees' Remuneration & Benefits:		
Salaries, Wages and Bonus	3,332.03	1,563.34
Contribution to Provident and other funds	560.47	328.74
Staff Welfare Expenses	273.89	116.86
	4,166.39	2,008.94
C. Administrative, Selling and General Expenses:		
Rent, Hire charges and Compensation (Net) (Including Rs. 3.00 Lakhs paid to a Director)	66.03	66.72
Rates, Taxes and Licence Fees	108.11	25.22
Insurance	150.93	65.11
Freight and Forwarding (Net)	1,800.63	763.21
Research and Development Expenses	120.38	104.70
Repairs and Maintenance of:		
(i) Plant and Machinery	752.47	225.98
(ii) Buildings	312.09	120.71
(iii) Other Assets	509.10	218.28
	1,573.66	564.97
Advertisement Expenses	136.74	76.56
Sales Tax / VAT	156.70	40.08
Travelling & Conveyance	507.80	173.46
Postage, Telegrams & Telephones	138.24	63.03
Commission on Sales	213.49	112.96
Donations	140.25	50.20
Legal and Professional charges (Refer Note No. 11 in Schedule 12 B)	631.46	271.83
Auditors' Remuneration		
(i) Audit fees	20.60	9.53
(ii) Tax Audit fees	4.10	2.00
(iii) For Certification / Others	3.75	1.60
(iv) Reimbursement of out of pocket Expenses	0.24	0.35
	28.69	13.48
Miscellaneous Expenses	1,259.48	466.23
Provision for Doubtful Debts	20.85	0.00
Loss on Swap / Exchange Rate Fluctuations	0.00	269.13
	7,053.44	3,126.89
D. Managerial Remuneration:		
(a) To Managing Director & Joint Managing Directors:		
(i) Salary	300.00	140.00
(ii) Contribution to Provident fund and Superannuation scheme	40.50	21.60
(iii) Other Perquisites	138.12	63.19
(iv) Leave Salary	74.45	82.78
	553.07	307.57
(b) To Whole Time Director:		
(i) Salary	96.00	51.53
(ii) Contribution to Provident fund and Superannuation scheme	3.82	1.62
(iii) Other perquisites	12.59	5.33
(iv) Leave Salary / Encashment	3.17	0.09
	115.58	58.57
(c) Commission	434.00	31.00
(d) Directors' sitting fees	1.08	0.68
	1,103.73	397.82
TOTAL	24,959.81	10,876.37

SCHEDULE – 12

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of presentation of Financial Statements

The financial statements are prepared under the historical cost convention modified by revaluation of fixed assets and in accordance with applicable Accounting Standards and relevant presentation requirements of the Companies Act, 1956.

The company generally follows the mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.

2. Fixed Assets and Depreciation / Amortization

Fixed Assets are stated at cost net of MODVAT / CENVAT and includes amounts added on revaluation, less accumulated depreciation. Cost comprises of the purchase price and any directly attributable cost of bringing the assets to working condition for its intended use including interest and other incidental and trial run expenses up to the date of commercial production. When fixed assets were revalued, surplus on revaluation was credited to Capital / Revaluation Reserve Account.

Depreciation / Amortization is provided as follows:

- On Technical Know-how/Product Development Expenses @ 1/6th per annum.
- On Copyright Expenditure @ 1/5th per annum
- On Capital Expenditure on R&D and Assets other than Plant & Machinery on Written Down Value method as per rates prescribed under Schedule XIV of the Companies Act, 1956.
- On Plant & Machinery acquired before 02.04.1987 on Straight Line method as per rates prevalent at the time of acquisition of the asset on single shift basis.
- On Plant & Machinery acquired after 02.04.1987 on Straight Line Method as per rates prescribed under Schedule XIV of the Companies Act, 1956, vide Notification GSR No.756(E) dated 16.12.1993.
- No write-off is being made in respect of leasehold land.
- Assets costing Rs. 5,000/- or Less is depreciated fully in the year of acquisition.
- Goodwill to be amortized @ 1/5th per annum or as per the decision of Board of Directors.

In respect of Subsidiaries:

– Garware Polyester International Ltd. (GPIL)

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each assets over its expected useful life, as follows :

Land and buildings – Straight line over the life of the leasehold

Furniture, fittings and equipment – 25% Reducing balance

– Global Pet Films, Inc. (GPF)

Equipments are stated at cost less accumulated depreciation. Some assets are depreciated using Straight Line MACRS method over the useful lives of the assets and some other assets are expensed under Sec. 179 of Internal Revenue Code.

Legal cost for organization of business is capitalized and is carried at cost less accumulated amortization and is being provided on straight line basis over the economic useful life of 5 years.

3. Investments

Investments are considered as long term investments and are accordingly stated at cost of acquisition. Market value of Quoted Investments at the date of the Balance Sheet is disclosed. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the Management.

4. Inventories

- i. Raw materials and packing materials are valued at the lower of cost and net realizable value. Cost is determined on a moving weighted average basis. Cost includes the cost of purchase and other expenses directly attributable to their acquisition but excludes duties & taxes, which are subsequently recoverable from the taxing authorities.
- ii. Stores and Spares are valued at cost computed on a moving weighted average basis. Cost includes the cost of purchase and other expenses directly attributable to their acquisition but excludes duties and taxes that are subsequently recoverable from the taxing authorities.
- iii. Semi-finished goods including those held for captive consumption is valued at factory cost including depreciation.
- iv. Finished goods is valued at the lower of cost and net realizable value. Cost includes direct material & labour cost and a proportion of manufacturing overheads.
- v. Purchase of finished goods are valued at the lower of cost and net realizable value.

In respect of subsidiary Garware Polyester International Ltd., stock is valued at the lower of cost and net realizable value.

In respect of ultimate subsidiary Global Pet Films Inc. inventories are stated at the lower of cost (determined by FIFO method) or market (Net realizable) value.

5. Foreign Currency Transactions

- a) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.
- b) Monetary items denominated in foreign currencies at the year-end are restated at year end rates. In case of items which are covered by forward exchange contracts, the difference between the year-end rate and rate on the date of the contract is recognized as exchange difference and the premium paid on forward contracts is recognized over the life of the contract.
- c) Non monetary foreign currency items are carried at cost.
- d) The company has opted for accounting exchange rate differences arising on reporting of long term Foreign Currency Monetary Items in line with Companies (Accounting Standard) Amendment Rules 2009 on Accounting Standard 11 (AS-11) notified by Govt. of India on March 31, 2009. Accordingly, the effect of exchange differences on Foreign Currency Loans of the company is accounted by addition or deduction to the cost of assets so far it relates to depreciable capital assets and in other cases by charging to profit and loss account as gain or loss on account of exchange difference.
- e) Investments in shares of foreign subsidiary company are expressed in Indian Currency at the rate of exchange

SCHEDULE – 12 (Cond.)

prevailing at the time when the original investments were made.

- f) In case of Garware Polyester International Ltd., monetary assets and liabilities denominated in foreign currencies are translated in to sterling at the rates of exchange ruling at the balance sheet date. The transactions in foreign currencies are recorded at the rate ruling at the date of transactions. All differences are taken to Profit and Loss account.

6. Inter-divisional Transfers

Inter-divisional transfers of goods for internal use as captive consumption are shown as contra items in the Profit & Loss Account to reflect the true economic value of the production inter-se the divisions. This accounting treatment has no impact on the Profit of the Company.

7. Duties

Excise duty on finished goods and custom duty on imported materials has been accounted on the basis of payments made in respect of goods cleared as also provision made for goods lying in Bonded Warehouse.

8. Employee Benefits:

- a) Short Term Employee Benefits:-

All benefits paid / payable wholly within 12 months of rendering the service are classified as short term. Benefits such as salaries, wages, short-term compensated absences, etc and the expected cost of bonus, ex-gratia, medical, LTA are recognized in the period in which the employee renders the related service and charged to Profit and Loss Account.

- b) Defined Contribution Plans:

Company contributes Provident Fund in accordance with EPF Act, 1952 and ESIC Schemes in accordance with ESIC Act, 1948 under Government administered schemes, however certain employees are covered under the contributory plans with the trust "Garware Polyester Limited Office Staff & Officer's Provident Fund". Contributions are accounted on accrual / paid basis and charged to Profit & Loss Account.

- c) Defined Benefit Plans:

- 1) Liability towards Superannuation and Gratuity are covered by appropriate schemes with Life Insurance Corporation of India on accrual basis. Gratuity plans are determined by actuarial valuation by using the Projected Unit Credit method.
- 2) Leave encashment benefits are accounted on actuarial valuation basis.

9. Lease Rentals

Lease Rentals are accounted on accrual basis over the Lease Term as per the relevant Lease Agreements. In case of GPIL rentals payable under operating leases are charged against income on a straight line basis over the lease term.

10. Provisions, Contingent Liabilities & Contingent Assets :

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

11. Research and Development

Revenue expenditure on Research and Development is

charged out in the accounting year in which it is incurred. Expenditure, which results in creation of assets, is included in Fixed Assets and depreciation is provided on such assets as applicable.

12. Revenue Recognition

- a) **Sales:**

Sales are accounted for inclusive of excise duty and VAT/ sales tax (wherever not charged separately), and are net of discounts and returns.

In respect of Garware Polyester International Limited turnover represents amount receivable for goods and services net of VAT and trade discounts.

In respect of Global Pet Films Inc., revenues from product sales to customers are recognized when products are shipped to customers.

- b) **Export Benefits:**

Export entitlements under the Duty Entitlement Pass Book (DEPB) scheme / other scheme are recognized as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

13. Taxation

- a) Deferred tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.
- b) Current tax is determined as the amount of tax payable in respect of taxable income for the period. The credit is taken as per entitlement for the tax liability provided under MAT based on taxable income as per the provisions of Income Tax Act, 1961.
- c) In respect of subsidiary, Garware Polyester International Limited, the accounting policy in respect of deferred tax reflects the requirements of FRS19 – Deferred Tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. On the basis of these financial statements no provision has been made for deferred tax.

14. Borrowing Cost:

Borrowing costs specifically relatable to the acquisition of fixed assets are capitalized as part of the cost of fixed assets, other borrowing costs are charged to revenue.

15. Impairment of assets

Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

16. Purchases :

In case Global Pet Films Inc., purchases are recorded in books only when received in company Warehouse and or received at Customs warehouse located at the port of destination.

SCHEDULE – 12 (Cond.)

17. Use of Estimates:

In case of Global Pet Films Inc, the preparation of financial statements in conformity with generally accepted accounting principals require management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

18. In case of Global Pet Film Inc. Cash and cash equivalents include money market instruments.

B. NOTES ON CONSOLIDATED FINANCIAL STATEMENT:-

1. The subsidiary companies considered in the consolidated financial statements are:

Name of the company	Country of Incorporation	Percentage of voting Power	Financial Year
Direct Subsidiary Garware Polyester International Ltd.	United Kingdom	100%	April 10-March 11
Indirect Subsidiary Subsidiary of wholly owned Subsidiary Global Pet Films, Inc.	U.S.A.	100%	April 10-March 11

2. Principles of Consolidation:

- Consolidated financial statements are done in accordance with the AS-21 by consolidating financial statements of subsidiaries on the reporting period. The consolidation is based on the audited financial statement of Garware Polyester International Ltd. for the period ended 31st March, 2011.
- The financial statements of the company and the subsidiaries have been combined to the extent possible on a line-by-line basis, by adding together like items of assets, liabilities, income and expenses. All significant intra group balances and transactions have been eliminated on consolidation.
- In respect of subsidiaries, transactions of Profit and Loss account items have been translated at average rate and the assets and Liabilities items of the balance sheet have been translated into Indian Rupees at the closing exchange rate of respective currencies prevailing as at 31st March, 2011 except for subsidiary's share capital.

3. Amalgamation of Great Design Properties Private Limited with the Company:

The Scheme of Amalgamation and Arrangement, under the provisions of Sections 391 to 394 of the Companies Act, between the Company and Great Design Properties Private Limited (GDPPL) with the Company was approved by the Hon'ble High Court Judicature at Bombay vide its order dated June 17, 2011 and filed with the Registrar of Companies ('ROC') on July 8, 2011, As per the Scheme, the Business of GDPPL stands transferred to and vest with company with effect from 1st April, 2010, the Appointed Date and has been given effect to on July 8, 2011, being the Effective Date and the accounting treatment prescribed by the Scheme has been given effect to in the financial statements for the year ended March 31, 2011. The Business of the GDPPL with the Company has been accounted as per Accounting Standard (AS) 14-Accounting for Amalgamations notified under Companies (Accounting Standards) Rule, 2006 subject to the adjustments specified in the Scheme of Arrangement.

In accordance with the said Scheme and as per the Hon'ble High Courts' approval:

- All the assets of and liabilities of GDPPL Business has been transferred and stands vested with the company from the appointed date at their respective book values on that date.
- 1,04,77,100 Equity Shares of Rs. 10/- each of the company are to be issued to the Share holders of GDPPL in proportion to their share holdings. Pending allotment an amount of Rs. 1,047.71 Lakhs has been shown under Share Capital suspense account as at March 31, 2011. These shares were subsequently issued on July 11, 2011 to shareholders of GDPPL.
- The investment held by GDPPL in equity share capital of the company stands cancelled and accordingly the share capital of the company stands reduced by Rs. 1,047.71 Lakhs.
- The difference in net value of assets and liabilities acquired being Rs. 259.00 Lakhs, after giving effect to clause (iii) above, has been credited to "provision for expenses on Amalgamation Account" and the same has been charged to Profit & Loss Account.
- In terms of the Scheme, the Equity Shares as and when issued and allotted by the Company shall rank pari-passu in all respects with the existing Equity Shares of the Company. Accordingly, the appropriation for the proposed dividend includes the dividend amount on 1,04,77,100 Equity Shares to be allotted to the shareholders of GDPPL for the full year.

4. Demerger of Manufacturing Business of the Garware Chemicals Limited with the Company:

The Scheme of Arrangement between the Company and Garware Chemicals Limited (GCL), under the provisions of Sections 391 to 394 of the Companies Act, for demerger of Manufacturing Business of the GCL with the Company was approved by the Hon'ble High Court of Judicature at Bombay vide its order dated October 21, 2011 and filed with the Registrar of Companies ('ROC') on November 14, 2011. As per the Scheme, the Manufacturing Business of the GCL stands transferred to and vest with the Company with effect from 1st April, 2010, the Appointed Date and has been given effect to on November 14, 2011, being the Effective Date and the accounting treatment prescribed by the Scheme has been given effect to in the financial statements for the year ended March 31, 2011. The demerger of the Manufacturing Business of the GCL with the Company has been accounted as per Accounting Standard (AS) 14-Accounting for Amalgamations notified under Companies (Accounting Standards) Rules, 2006 subject to the adjustments specified in the Scheme of Arrangement.

The demerger complies with the provisions of Section 2(19AA) of the Income Tax Act, 1961, and in accordance with the said Scheme and as per the Hon'ble High Courts' approval:

- All the properties of the Demerged business held by GCL immediately before the demerger has become the properties of the Company by virtue of the demerger;
- All the liabilities relating to the Demerged business of GCL, immediately before the demerger has become the liabilities of the Company by virtue of the demerger;
- The properties and the liabilities relating to the Demerged business transferred from GCL are transferred to the Company at the values appearing in the books of account of the GCL immediately before the demerger;
- The transfer of the Demerged business of GCL is on a going concern basis.
- 2,54,764 Equity Shares of Rs. 10/- each of the Company are to be issued to shareholders (other than

GPL) of GCL in the ratio of 2 (Two) equity shares of Rs. 10/- each of the Company for every 79 (Seventy Nine) Equity Shares of Rs. 10/- each held in GCL. Pending allotment, an amount of Rs. 25.48 Lakhs has been shown under Share Capital Suspense Account as at March 31, 2011. These shares were subsequently issued on November 14, 2011 to shareholders of GCL.

vi. The difference of Rs. 741.06 lakhs, being the excess of the net assets value of Manufacturing Business of GCL transferred to GPL, over the face value of Equity Shares allotted as per clause (v) and after considering the impairment of Rs. 5,141.42 lakhs in the value of investments in GCL, in terms of the Scheme, an amount of Rs. 4,400.36 lakhs has been debited to the Goodwill Account.

vii. In terms of the Scheme, the Equity Shares allotted by the Company shall rank pari-passu in all respects with the existing Equity Shares of the Company. Accordingly, the appropriation for the proposed dividend includes the dividend amount on 2,54,764 Equity Shares allotted to the shareholders of GCL for the full year.

5. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 3,221.79 Lakhs (Previous period Rs. 943.18 Lakhs) against which an advance of Rs. 310.55 Lakhs (Previous period Rs. 16.70 Lakhs) has been paid.

6. The Company has given counter-guarantees for Rs. 887.91 Lakhs (Previous period Rs. 723.56 Lakhs) to Banks in respect of guarantees given by the Banks to third parties for purchase of equipment, supply of goods, clearance of goods from Customs, Excise Bonds, etc.

7. Letters of Credit opened on behalf of the Company by Banks for purchase of materials and equipment amount to Rs. 9,314.21 Lakhs (Previous period Rs. 15,538.11 Lakhs).

8. Bills of Exchange discounted under Bill Marketing Scheme amount to Rs. 1,851.66 Lakhs (Previous period Rs. 2,257.75 Lakhs).

9. Secured Loans:

Zero Coupon Bonds of Rs. 63.00 Lakhs are repayable in quarterly installments with premium of Rs. 53.55 Lakhs till January 1, 2012. Premium paid with quarterly installments amounting to Rs. 74.80 Lakhs has been debited to Interest and Financial Charges.

Amount of Term Loans/ Zero Coupon Bond repayable within one year is Rs. 6,580.91 Lakhs (Previous period Rs. 6,716.45 Lakhs).

15. Segment Reporting:

a) The company is only in one line of business namely – Polyester film.

b) The Segment Revenue in the Geographical segment considered for disclosure are as follows:-

i) Revenue within India includes sales to customers located within India.

ii) Revenue outside India includes sales to customers located outside India including Export Benefits / Incentives.

Particulars	2010-11 (12 Months) (Rs. in Lakhs)			2009-10 (6 Months) (Rs. in Lakhs)		
	Within India	Outside India *	Total	Within India	Outside India *	Total
Sales	55,977.80	38,951.63	94,929.43	20,396.36	12,778.21	33,174.57
Amount of Segment Assets by Location of assets. (Net Value)	30,221.96	0.00	30,221.96	20,318.12	0.00	20,318.12

* Including DEPB

10. Contingent Liabilities not provided for –

(Rs. in Lakhs)

Particulars	As at 31-03-2011	As at 31-03-2010
Disputed matters in appeal / contested in respect of:		
Income Tax	83.16	63.91
Excise Duty	43.94	43.94
Sales Tax	17.13	17.13
Maharashtra State Electricity Board (MSEB)	27.72	27.72

11. Legal and Professional Charges include Rs. 7.70 Lakh (Previous period Rs. 0.83 Lakh) paid to some of the Partners of the Auditors for other services and Rs. 14.27 Lakhs for Amalgamation Expenses.

12. Exceptional Items

(Rs. in lakhs)

Particulars	2010-11 (12 Months)	2009-10 (6 Months)
a) Sales Tax Receivable written off pursuant to amendment of MVAT Act by Govt. of Maharashtra with retrospective effect	1,128.22	0.00
b) Octroi Receivable written off pursuant to amendment of MVAT Act by Govt. of Maharashtra with retrospective effect	206.25	0.00
c) Sales Tax Deferral liability to SICOM	42.75	0.00
d) Provision for Expenses on Amalgamation pursuant to Scheme of Arrangement u/s 391 to 394 of the Act, between Company and Great Design Properties Private Limited	259.00	0.00
Total	1,636.22	0.00

13. Break up of Interest and financial charges are:

(Rs. in Lakhs)

Particulars	2010-11 (12 Months)	2009-10 (6 Months)
On Secured Term Loans (Net)	558.53	471.92
Other Interest (Net)	1,196.35	738.11
Financial Charges	744.99	438.86
Total	2,499.87	1,648.89

14. Export Benefits / Incentives are accounted on accrual basis. Accordingly, net estimated benefit aggregating to Rs. 1,345.41 Lakhs (Previous period Rs. 510.21 Lakhs) against export effected during the year has been credited to Export Benefits earned account which has been included in sales.

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SCHEDULE – 12 (Cond.)

16. Related Party Disclosures

a) List of Related Parties

Subsidiaries	Garware Chemicals Ltd.
Associate Company	Garware Industries Limited
Key Management Personnel	1) Shri. S.B. Garware 2) Mrs. S.S. Garware 3) Mrs. Monika Garware Modi 4) Ms. Sarita Garware 5) Ms. Sonia S. Garware
Enterprises over which Key Managerial Person are able to exercise significant influence	Garware Charitable Trust

b) Transaction with Related Parties

(Rs. In Lakhs)

Particulars	2010-11 * 12 Months	2009-10 * 6 Months
i] Sale of Goods		
a] Subsidiaries	12,075.18	0.00
b] Associate Company	4,743.31	9,031.34
ii] Purchase of Materials		
Associate Company	4,818.06	8.95
iii] Services Received / Processing Charges		
a] Subsidiaries	118.67	0.00
b] Associate Company	1,579.50	1,061.38
iv] Services Rendered		
Associate Company	39.49	64.30
v] Purchase of Capital Asset from a Director	1,525.00	0.00
vi] Balances [Dr. / (Cr)]		
a] Subsidiaries	479.81	0.00
b] Associate Company	556.29	7,194.53
c] Due to Directors	(27.81)	(3.39)
vii] Key Management Personnel & Relatives Managerial Remuneration (Refer Schedule No.11)		
viii] Rent Paid to a Director	3.00	0.00
ix] Donation to Garware Charitable Trust	140.00	50.00

* Figures are on gross basis (Including Taxes & Duties)

17. Earning Per Share

(Rs. In Lakhs)

Particulars	2010-11	2009-10
Profit After Tax	19,147.47	2,702.29
Less : Dividend on Preference Shares including Tax	0.63	0.32
Amount available for Equity Share holders	19,146.84	2,701.97
Weighted average number of Equity Shares	2,33,15,150	2,30,60,386
Earnings per Share – Basic & Diluted (Rupees) Absolute	82.12	11.72

18. Deferred Tax:

- a) Deferred Tax Liability of Rs. 2,255 Lakhs is provided in the current year, (Previous period Rs. Nil) as per requirement of Accounting Standard 22 "Accounting for Taxes on Income" as follows:

(Rs. In Lakhs)

Closing Deferred Tax Liability as on 31.03.2011	3,699.60
Less: Opening Deferred Tax Liability as on 01.04.2010	1,444.24
	2,255.36
Less: Write Back of Deferred Tax Liability of GDPPL	0.36
Deferred Tax	2,255.00

SCHEDULE – 12 (Cond.)

 b) Major components of deferred tax arising as at 31st March, 2011 are given here below.

Deferred Tax Assets	2010-11 (Rs. in Lakhs)	2009-10 (Rs. in Lakhs)
Dis-allowance U/s 43B of the Income Tax Act, 1961	166.11	112.14
Unabsorbed Business Losses and Depreciation	3,286.41	3,413.09
Others (Including GDPPL)	200.59	91.67
(i)	3,653.11	3,616.90
Less: Deferred Tax Liability:		
Excess of Net Block over WDV as per the		
Income Tax act, 1961	(ii) 7,352.71	5,061.14
(i) - (ii)	(3,699.60)	(1,444.24)

 19. Disclosure as per AS-15 (Revised) on "Employee Benefit" for the year ended 31st March 2011.

A. Funded retirement benefit – Gratuity

(Rs. in Lakhs)

Description	2010-2011 (12 Months)	2009-2010 (6 Months)
Change in the defined benefit obligations		
Defined benefit obligations at beginning of the period / year	1,509.87	1,295.89
Service cost	99.05	44.40
Interest cost	114.67	49.80
Actuarial Loss / (Gain)	112.73	157.54
Benefits paid	(147.91)	(37.76)
Defined benefit obligations at end of the period / year (a)	1,688.41	1,509.87
Change in plan assets		
Fair Value of plan assets at beginning of the period / year	1,301.16	1,226.56
Expected return on plan assets	122.15	55.33
Contributions by employer	155.34	43.60
Actuarial Gain / (Loss)	0.24	13.43
Benefits paid	(147.91)	(37.76)
Fair value of plan assets at end of the period / year (b)	1,430.98	1,301.16
Present Value of un funded obligations (a-b)	257.43	208.71
The net amount recognized in the statement of profit and loss for the period ended 31 st March, 2011 is as follows:		
Current service cost	99.05	44.40
Interest cost	114.67	49.80
Expected return on plan assets	(122.15)	(55.33)
Net actuarial Loss / (Gain) recognized	112.49	144.11
Net amount recognized	204.06	182.98
Actual Return on Plan Assets		
The principal actuarial assumptions used as at 31 st March, 2011 are as follows:		
Discount Rate	8.00%	8.00%
<u>Expected rate of return on plan assets</u>		
Withdrawal rate	Up to Age 35 : 5% 36-50 : 2% 51 & abv : 1%	Up to Age 35 : 5% 36-50 : 2% 51 & abv : 1%
Rate of increase in compensation levels	5.00%	5.00%

SCHEDULE – 12 (Cond.)

B. Un-funded retirement benefit – Leave Encashment

(Rs. in Lakhs)

Description	2010-2011 (12 Months)	2009-2010 (6 Months)
Change in the defined benefit obligations		
Defined benefit obligations at beginning of the period / year	905.92	846.02
Service cost	56.10	44.53
Interest cost	70.85	32.66
Actuarial Loss / (Gain)	(57.01)	0.40
Benefits paid	(40.40)	(17.69)
Defined benefit obligations at end of the period / year (a)	935.46	905.92
Change in plan assets		
Fair Value of plan assets at beginning of the period / year	0.00	0.00
Expected return on plan assets	0.00	0.00
Contributions by employer	40.40	17.69
Actuarial Gain / (Loss)	0.00	0.00
Benefits paid	(40.40)	(17.69)
Fair value of plan assets at end of the period / year (b)	0.00	0.00
Present Value of un funded obligations (a-b)	935.46	905.92
The net amount recognized in the statement of profit and loss for the period ended 31 st March, 2011 is as follows:		
Current service cost	56.10	44.53
Interest cost	70.85	32.66
Expected return on plan assets	0.00	0.00
Net actuarial Loss / (Gain) recognized	(57.01)	0.40
Net amount recognized	69.94	77.59
Actual Return on Plan Assets	0.00	0.00
The principal actuarial assumptions used as at 31 st March, 2011 are as follows:		
Discount Rate	8.00%	8.00%
Expected rate of return on plan assets		
Withdrawal rate	Up to Age 35 : 5% 36-50 : 2% 51 & abv: 1%	Up to Age 35: 5% 36-50 : 2% 51 & abv: 1%
Rate of increase in compensation levels	7.00%	7.00%

20. In accordance with Accounting Standard 28 (AS 28) issued by the Institute of Chartered Accountants of India on Impairment of Assets, the company had appointed professional consultancy firm as the valuers to assess impairment of each cash generating unit (CGU) by taking market value and its potential capacity to generate cash flows. According to the valuers report, there is no impairment to any of the assets as such no provision for impairment of assets is required to be made in the accounts.
21. The significant leasing arrangements of the company are in respect of operating leases for premises and vehicles. These leasing arrangements range between 11 months and 5 years and are usually renewable by mutual consent on mutually agreeable terms. The agreeable lease rental payable are charged to Profit and Loss account and shown under administrative, selling and general expenses in appropriate heads.
22. Raw materials consumed includes expenses for clearing, warehousing and duty etc on goods received from parent company by subsidiary and ultimate subsidiary.
23. Previous year's figures have been rearranged and regrouped wherever necessary to conform to the classification adopted for the current period. Figures of the current period are not comparable with the figures of the previous year being of six months period.

CONSOLIDATED CASH FLOW STATEMENT FOR THE FOR THE YEAR ENDED MARCH 31, 2011

	Year ended 31.03.2011 (12 Months) (Rs. in Lakhs)	Period ended 31.03.2010 (6 Months) (Rs. in Lakhs)
A. Cash flow from operating activities:		
Profit before Exceptional items	23,088.96	2,708.05
Add: Depreciation	3,966.94	1,611.48
Interest expenses - Net	2,499.87	1,648.89
Miscellaneous Expenses written off	5.83	8.92
Provision for Doubtful Debts	20.85	0.00
Provision for Leave & Gratuity Provision	78.26	199.28
Sub Total	<u>6,571.75</u>	<u>3,468.57</u>
Total	<u>29,660.71</u>	<u>6,176.62</u>
Less: Interest income	160.74	22.86
Gain on Exchange Rate Fluctuations	88.05	0.00
Profit on sale of fixed assets	41.83	12.53
Dividend received/Income from Investment	167.05	11.44
Sundry balances Written Back (Net)	22.49	23.93
Rent	2.40	2.10
Sub total	<u>482.56</u>	<u>72.86</u>
Operating profit before working capital changes.	<u>29,178.15</u>	<u>6,103.76</u>
Adjustments For :		
Transfer to foreign currency transaltion reserve	278.19	(33.31)
(Increase)/Decrease in trade/other receivable (Net)	621.83	(1,512.89)
(Increase)/Decrease in inventories	(3,748.46)	377.92
Increase/(Decrease) in trade/other payables	2,448.29	195.01
Cash generated from operations	<u>28,778.00</u>	<u>5,130.49</u>
Direct taxes refund/(paid)(Net)	(4,221.17)	(672.36)
Net cash inflow/(outflow) from operations	<u>24,556.83</u>	<u>4,458.13</u>
B. Cash flow from investing activities :		
Purchase of fixed assets	(4,833.40)	(489.92)
Shares purchased by Amalgamating Company and subsequently cancelled as per Scheme of Arrangement and Amalgamation	(1,016.10)	0.00
Sale of fixed assets	73.16	20.06
Interest received	160.74	22.86
Investments	(1,545.85)	0.00
Dividend received/Income from Investment	167.05	11.44
Rent	2.40	2.10
Amalgamation Expenses	(29.29)	0.00
Net cash inflow/(outflow) from investing activities.	<u>(7,021.29)</u>	<u>(433.46)</u>
C. Cash flow from financing activities		
Interest / Financial Charges	(2,499.87)	(1,648.89)
Repayment of Long Term Borrowings	(5,145.26)	(2,633.80)
Repayment of Unsecured Loan from SICOM	(12.73)	(62.69)
Proceeds / (Repayments) of Short Term Borrowings	(8,651.39)	526.40
Dividend / Unclaimed Dividend Paid including Dividend distribution tax	(478.57)	(265.75)
Net cash inflow/(outflow) from financing activities	<u>(16,787.82)</u>	<u>(4,084.73)</u>
Net increase/(decrease) in cash and cash equivalents	<u>747.72</u>	<u>(60.06)</u>
Cash and cash equivalents as at opening		
Cash and bank balances	1,522.14	1,582.20
Add: Cash and bank balances taken over from Garware Chemicals Ltd and Great Design Properties Pvt.Ltd in terms of scheme of amalgamation	1,080.15	0.00
Cash and cash equivalents as at closing		
Cash and bank balances	<u>3,350.01</u>	<u>1,522.14</u>
	<u>747.72</u>	<u>(60.06)</u>

As per our report of even date

 For **SHAH & CO.**
 Chartered Accountants
 (Registration No. 109430W)

INDULAL H. SHAH
 Partner

 Mumbai, 14th November, 2011

For and on behalf of the Board of Directors

S. B. GARWARE – Chairman & Managing Director

B. MORADIAN – Director

M. S. ADSUL – Director – Technical

MANOJ KOUL – Company Secretary &
 Sr. General Manager

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Financial Information of Subsidiary Companies of the Company in terms of General Circular No. 2/2011 dated February 8th, 2011 and 3/2011 dated February 21st, 2011 issued by the Ministry of Corporate Affairs:-

(Rs. in Lacs)

Sr. No.	Particulars	Garware Polyester International Limited (GPIL) (100% wholly owned by the Company)	Global Pet Films, INC. (100% wholly owned by GPIL)
(1)	Share Capital	180.38	44.86
(2)	Reserves	174.51	47.57
(3)	Total Assets	670.98	279.88
(4)	Total Liabilities	670.98	279.88
(5)	Details of Investment (Except investment in the subsidiaries)	Nil	Nil
(6)	Turnover & other Income	1,899.21	3,045.31
(7)	Profit / (Loss) Before Taxation	21.42	281.17
(8)	Provision for taxation	3.71	35.66
(9)	Profit / (Loss) after taxation	17.71	245.51
(10)	Proposed Dividend	NIL	NIL

Notes:-

- 1) The Final Audited accounts of Garware Polyester International Ltd are in Great Britain Pounds (GBP) and Translated at Closing rate as on 31.3.2011. (Rs.72.15 = 1 GBP).
- 2) The Final Audited accounts of Global Pet Films Inc. are in U S Dollars (USD) and Translated at closing rate as on 31.3.2011. (Rs. 44.86 = 1 USD).



**FIFTY FOURTH ANNUAL GENERAL MEETING
ATTENDANCE SLIP**

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE HALL

I / We hereby record my / our presence at the **54th Annual General Meeting** of the Company held at the Registered Office of the Company at Naigaon, Post Waluj, Aurangabad 431 133 on Tuesday, 27th December, 2011 at 11.30 a.m.

NAME OF THE SHAREHOLDER OR PROXY (IN BLOCK LETTERS)	REDG. FOLIO No.	DP-ID No.	CLIENT-ID No.

SIGNATURE OF THE SHAREHOLDER OR PROXY	
---------------------------------------	--

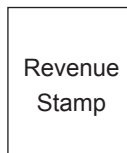


PROXY FORM



I / We of in the District of being a member / members of **Garware Polyester Limited** hereby appoint in the District of or failing him of in the district of or failing him in the district of as my / our proxy to attend and vote for me / us on my / our behalf at the **54th Annual General Meeting** of the Company to be held on Tuesday, 27th December, 2011 at 11.30 a.m. at the Registered Office of the Company at Naigaon, Post Waluj, Aurangabad 431 133 and at any adjournment thereof.

Signed this day of 2011.



Signature

Proxy No.	Regd. Folio No.	DP-ID No.	CLIENT ID No.	No. of Shares

Note : This form duly completed and signed as per specimen signature registered with the Company should be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the commencement of the Meeting.

