



Garware
Polyester Limited

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

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

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

AUDITORS : Shah & Co.
Chartered Accountants

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.

Plot No. 103, Masat, Silvassa 396 230.

OFFICES : 403, Madam Bhikaji Cama Bhawan,
11, Bhikaji Cama Place, New Delhi 110 066.

37/1B, Hazra Road, Kolkata 700 029.

Old No. 40, New No. 91,
Shiyali Mudali Street, Pudupet,
Chennai 600 002.

REGISTRARS & TRANSFER AGENTS : Link Intime India Private Limited.



NOTICE

NOTICE IS HEREBY GIVEN THAT the Fifty Second Annual General Meeting of the Members of **GARWARE POLYESTER LIMITED** will be held at the Registered Office of the Company on Monday, 28th December, 2009 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 30th September, 2009 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To declare a dividend on Preference and Equity Shares.
3. To appoint a Director in place of Mrs. Monika Garware Modi, who retires by rotation and, being eligible, offers herself for re-appointment.
4. To appoint a Director in place of Ms. Sonia Garware, who retires by rotation and, being eligible, offers herself for re-appointment.
5. To appoint a Director in place of Mr. N. P. Chapalgaonkar, who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint Messrs Shah & Co., Chartered Accountants, the retiring auditors as Auditors of the Company to hold the office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and fix their remuneration.

Special Business:

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

“RESOLVED THAT subject to the provisions of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 and other statutory approvals as may be required, consent of the Company be and it is hereby accorded to the re-appointment of Shri S. B. Garware as Managing Director of the Company for a further period of five years with effect from 1st November, 2009 and that the draft Agreement between the Company and Shri S. B. Garware, setting out the terms and conditions including remuneration placed before the meeting duly initialed by Mr. B. Moradian, Director of the Company, for the purpose of identification, be and is hereby approved.”

“RESOLVED FURTHER THAT if in any financial year during the currency of the tenure, the Company has no profits or the profits of the Company are inadequate, the Company will pay to Shri S. B. Garware the remuneration as specified in the aforesaid draft Agreement as and by way of minimum remuneration.”
8. To consider and if thought fit, to pass with or without modification(s), as a Special Resolution, the following: -

“RESOLVED THAT subject to the provisions of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 and such other statutory approvals as may be required, consent of the Company be and it is hereby accorded to the re-appointment of Mrs. Monika Garware Modi as Joint Managing Director of the Company for a term of five years with effect from 1st November, 2009 and that the draft Agreement between the Company and Mrs. Monika Garware Modi, setting out the terms and conditions including remuneration placed before the meeting duly initialed by Mr. B. Moradian, Director of the Company, for the purpose of identification, be and is hereby approved.”

“RESOLVED FURTHER THAT if in any financial year during the currency of the tenure, the Company has no profits or the profits of the Company are inadequate, the Company will pay to Mrs. Monika Garware Modi the remuneration as specified in the aforesaid draft Agreement as and by way of minimum remuneration.”
9. To consider and if thought fit, to pass with or without modification(s), as a Special Resolution, the following: -

“RESOLVED THAT subject to the provisions of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 and such other statutory approvals as may be required, consent of the Company be and it is hereby accorded to the re-appointment of Ms. Sarita Garware as Joint Managing Director of the Company for a term of five years with effect from 1st November, 2009 and that the draft agreement between the Company and Ms. Sarita Garware, setting out the terms and conditions including remuneration placed before the meeting duly initialed by Mr. B. Moradian, Director of the Company, for the purpose of identification, be and is hereby approved.”

“RESOLVED FURTHER THAT if in any financial year during the currency of the tenure, the Company has no profits or the profits of the Company are inadequate, the Company will pay to Ms. Sarita Garware the remuneration as specified in the aforesaid draft Agreement as and by way of minimum remuneration.”
10. To appoint Dr. M. C. Agarwal as a director of the Company, who was previously appointed as an additional director of the Company by the Board of Directors at their Meeting held on 29th April, 2009, 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 Dr. M. C. Agarwal as a director, having been received pursuant to Section 257 of the Companies Act, 1956, Dr. M. C. Agarwal be and is hereby appointed as a director of the Company, liable to retire by rotation.”
11. To appoint Mr. Ramesh P. Makhija as a director of the Company, who was previously appointed as an additional director of the Company by the Board of Directors at their Meeting held on 12th November, 2009, 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. Ramesh P. Makhija as a director, having been received pursuant to Section 257 of the Companies Act, 1956, Mr. Ramesh P. Makhija be and is hereby appointed as a director of the Company, liable to retire by rotation.”
12. To consider and if thought fit, to pass, with or without modification(s), as an ordinary resolution, the following :-

“RESOLVED THAT Messrs Bhandari Dastur Gupta & Associates, Chartered Accountants, be and are hereby appointed as the Joint Auditors of the Company together with Messrs Shah & Co., Chartered Accountants, the retiring Auditors of the Company from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting at such remuneration as may be mutually agreed upon between the said Messrs Bhandari Dastur Gupta & Associates and the Board of Directors of the Company.”
13. To consider and if thought fit, to pass, with or without modification(s), as an ordinary resolution, the following :-

“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 the welfare of the employee, any amount, the aggregate of which will not in any financial year exceed Rs. 1,50,00,000/- (Rupees One Crore Fifty Lakhs) or 5% of the Company's average net profits, as determined in accordance with the provisions of Section 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."

Mumbai, 12th November, 2009

By Order of the Board of Directors

Registered Office:
Naigaon, Post Waluj,
AURANGABAD - 431 133.

Manoj Koul
Company Secretary &
General Manager

NOTES:

- 1 A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND TO VOTE ONLY ON A POLL INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- 2 The instrument appointing proxy should be deposited at the Registered Office of the Company not less than forty-eight hours before the time fixed for the Meeting.
- 3 Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to item no. 7 to 13 of the Notice is annexed hereto.
- 4 Members desiring any information on the business to be transacted at the Meeting are requested to write to the Company at least 10 days in advance to enable the Management to keep the information, as far as possible, ready at the Meeting.
- 5 The Register of Members and the Share Transfer Books of the Company will remain closed from 18th December, 2009 to 28th December, 2009 (both days inclusive).
- 6 The Dividend as recommended by the Directors, if declared at the Annual General Meeting, will be paid to those members whose names appear in the Register of Members of the Company on 28th December, 2009, in respect of shares held in physical form and in respect of shares held in the electronic form, to those 'Deemed Members' whose names appear in the statement of Beneficial Ownership furnished by the National Securities Depository Services Ltd. (NSDL) and the Central Depository Services (India) Ltd. (CDSL) at the end of business hours on 17th December, 2009.
- 7 Members are requested to notify immediately any change in their addresses directly to their Depository Participant in case they hold shares in dematerialised form or to the Company's Registrars & Transfer Agents, in case they hold shares in physical form.
- 8 Pursuant to the provisions of Sections 205A and 205C of the Companies Act, 1956, the dividend which remains unclaimed / unpaid for a period of seven years from the date of transfer to the respective unpaid dividend accounts, is required to be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government.
- 9 Unclaimed dividend for the Financial Years 2003-04 and 2004-05 is still lying in the respective unpaid dividend accounts of the Company. Members who have not encashed the dividend warrants for the said Financial Years, are requested to contact the Company's Registrar and Share Transfer Agent, Link Intime India Private Limited.
- 10 Unclaimed dividend for the Financial Year 2003-04 is due for transfer to the IEPF in the year 2011. Kindly note the no claims shall lie against the Company or the IEPF after such transfer.
- 11 Members holding shares in physical form are requested to forward all applications for transfer and all other shares related correspondence, including intimation for change of address, if any, to the Registrar and Share Transfer Agents of the Company at the following address:
LINK INTIME INDIA PRIVATE LIMITED
(Unit: Garware Polyester Limited) C-13, Pannalal Silk Mill Compound, L.B.S. Marg, Bhandup (West), Mumbai - 400 078.
Tel. No. 022-2594 6970, Fax : 022-2594 6969
- 12 In terms of the Regulations of NSDL & CDSL, the Bank Account details of Beneficial Owners of Shares in demat form will be printed on the dividend warrants as furnished by the Depository Participants (DP). The Company will not entertain any request for change of bank details printed on their dividend warrants. In case of any changes in your bank please inform your DP immediately.
- 13 To prevent fraudulent encashment of dividend warrants, members are requested to provide their Bank Account Detail(s) (if not provided earlier) to the Company (if shares held in physical form) or to DP (if shares held in demat form), as the case may be, for printing of the same on their dividend warrants.

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

Item No.7:

At the Annual General Meeting held on 29th September, 2005 Shri S. B. Garware was re-appointed as Managing Director of the Company by Members for a term of five years with effect from 1st November, 2004. On account of overall increase in the volume of business of the Company, the duties and responsibilities of Shri S. B. Garware, Chairman & Managing Director of the Company, have substantially increased.

The Remuneration Committee of the Company's Board of Directors reviewed the remuneration package of Shri S. B. Garware, with a view to align such package with the practices prevailing in the corporate world and came to a conclusion that a revision was called for. The Remuneration Committee decided to revise the remuneration payable to Shri S. B. Garware keeping in mind the additional responsibilities shouldered by him.

The Board of Directors has, at its meeting held on 12th November, 2009, approved the revised terms of remuneration payable to Shri S. B. Garware,

so as to be commensurate with his duties and responsibilities, subject to necessary approvals.

The draft Agreement between the Company and Shri S. B. Garware contains, *inter-alia*, the following terms and conditions: -

- a) Monthly Compensation: Rs. 12 Lakhs (With an annual increase of 10% per annum with effect from 01.11.2010 till the expiry of the term.)
- b) Commission: Shri S. B. Garware will be paid commission, equivalent to the annual salary, in addition to salary and perquisites, based on the net profits of the Company in a particular year in accordance with the provisions of Sections 198 and 309 of the Companies Act, 1956.
- c) Perquisites: 1) Shri S. B. Garware will be entitled to furnished housing accommodation, gas, electricity, water and furnishings and other perquisites such as reimbursement of medical expenses incurred for self and family, leave travel concession for self and family once in a

year, club fees, personal accident insurance, provision of a car with driver, telephone at residence etc. The monetary value of the perquisites will be calculated in accordance with the Income Tax Rules. The aggregate value of the above perquisites shall be restricted to a maximum of 35% of monthly compensation.

II) Encashment of leave at the end of his tenure.

- d) Special allowances: Rs. 3.50 Lakhs per month.
- e) Shri S. B. Garware will be entitled to leave on full remuneration as per the rules of the Company but not exceeding one month's leave for every 11 months of service.
- f) Shri S. B. Garware will also be entitled to reimbursement of entertainment expenses actually incurred by him in the course of business of the Company.
- g) Shri S. B. Garware will also be entitled to receive from the Company traveling, hotel and other expenses incurred by him in performance of his duties on behalf of the Company.
- h) Shri S. B. Garware will not, so long as he functions as such, become interested or otherwise concerned directly or indirectly in any selling agency of the Company in future without the prior approval of the Central Government.

The remuneration payable to Shri S. B. Garware as Managing Director has been approved by the Remuneration Committee of the Board of Directors at its meeting held on 12th November, 2009.

The draft Agreement and the Resolution of the Annual General Meeting referred to in the Resolution under Item No. 7 of the accompanying notice will be open for inspection by the Members at the Registered Office of the Company on any working day between 11:00 a.m. and 01:00 p.m., prior to the date of the meeting.

Shri S. B. Garware is concerned or interested in the resolution under Item No.7 of the accompanying notice. Mrs. S. S. Garware, Mrs. Monika Garware Modi, Ms. Sarita Garware and Ms. Sonia Garware Directors of the Company, being related to Shri S. B. Garware, may be deemed to be concerned or interested in the resolution. Save as aforesaid, none of the other Directors of the Company is, in any way, concerned or interested in the resolution.

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

Your Directors recommend this resolution.

Item No. 8

Mrs. Monika Garware Modi was appointed as Joint Managing Director of the Company by the members at the Annual General Meeting (AGM) held on 29th September, 2005 for a period of five years with effect from 1st November, 2004, and the terms of her remuneration were approved by the members at the AGM held on 29th September, 2005. On account of overall increase in the volume of business of the Company, the duties and responsibilities of Shri S. B. Garware, the Chairman & Managing Director of the Company, has increased manifold over the years. In order to enable Shri S. B. Garware to concentrate on policy matters of the Company, it is considered advisable that Mrs. Monika Garware Modi should assist Shri S. B. Garware in discharging his duties more effectively. In the process of assisting Shri S. B. Garware, Mrs. Monika Garware Modi will shoulder additional responsibilities.

Mrs. Monika Garware Modi has been associated with the Company from April, 1989. She bears an excellent academic career. She graduated from Vasaar College, one of the renowned institutions in U.S.A. and then did her M.B.A. degree from Lubin Business School, Pace University, New York, U.S.A. She has requisite knowledge and experience to manage the corporate affairs.

The Remuneration Committee of the Company's Board of Directors reviewed the remuneration package of Mrs. Monika Garware Modi, with a view to align such package with the practices prevailing in the corporate world and came to a conclusion that a revision was called for. The Remuneration Committee decided to revise the remuneration payable to Mrs. Monika Garware Modi, keeping in mind the additional managerial responsibilities shouldered by her.

The Board of Directors has, at its meeting held on 12th November, 2009, approved the revised terms of remuneration and perquisites payable to Mrs. Monika Garware Modi, so as to be commensurate with her duties and responsibilities, subject to necessary approvals.

The draft Agreement between the Company and Mrs. Monika Garware Modi, *inter-alia*, contains the following terms and conditions:

- a) Salary : Rs. 6,50,000/- per month. (With an annual increase of 10% per annum with effect from 01.11.2010 till the expiry of the term.)
- b) Commission: Mrs. Monika Garware Modi will be paid commission, equivalent to the annual salary, in addition to salary and perquisites, based on the net profits of the Company in a particular year in accordance with the provisions of Sections 198 and 309 of the Companies Act, 1956.
- c) Perquisites: Mrs. Monika Garware Modi will be entitled to furnished housing accommodation, gas, electricity, water and furnishings and other perquisites such as reimbursement of medical expenses incurred for self and family, leave travel concession for self and family once in a year, club fees, personal accident insurance, provision of a car with driver, telephone at residence etc. The monetary value of the perquisites will be calculated in accordance with the Income Tax Rules. The aggregate value of the above perquisites shall be restricted to a maximum of 30% of salary. Mrs. Monika Garware Modi shall also be entitled to the following perquisites which shall not be included in the computation of the ceiling on remuneration:-
 - i) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these, either singly or put together, are not taxable under the Income Tax Act, 1961.
 - ii) Gratuity payable at the rate not exceeding half a month's salary for each completed year of service.
 - iii) Encashment of leave at the end of her tenure.
- d) Mrs. Monika Garware Modi will be entitled to leave on full remuneration as per the rules of the Company but not exceeding one month's leave for every 11 months of service.
- e) Mrs. Monika Garware Modi will also be entitled to reimbursement of entertainment expenses actually incurred by her in the course of business of the Company.
- f) Mrs. Monika Garware Modi will also be entitled to receive from the Company traveling, hotel and other expenses incurred by her in performance of her duties on behalf of the Company.
- g) Mrs. Monika Garware Modi will not, so long as she functions as such, become interested or otherwise concerned directly in any selling agency of the Company in future without the prior approval of the Central Government.

The remuneration payable to Mrs. Monika Garware Modi as Joint Managing Director has been approved by the Remuneration Committee of the Board of Directors at its meeting held on 12th November, 2009.

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

Mrs. Monika Garware Modi is concerned or interested in the resolution under Item No.8 of the accompanying notice. Shri S. B. Garware, Mrs. S. S. Garware, Ms. Sarita Garware, and Ms. Sonia Garware Directors of the Company, being related to Mrs. Monika Garware Modi, may be deemed to be concerned or interested in the resolution. Save as aforesaid, none of the other Directors of the Company is, in any way, concerned or interested in the resolution.

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

Your Directors recommend this resolution

Item No. 9

At the Annual General Meeting held on 29th September, 2005, Ms. Sarita Garware was appointed as Joint Managing Director for a period of five years with effect from 1st November, 2004. On account of overall increase in the volume of business of the Company, the duties and responsibilities of Mrs. Monika Garware Modi, Vice Chairperson & Joint Managing Director of the Company, have increased manifold over the years. It is therefore considered advisable that Ms. Sarita Garware should assist her in discharging her duties more effectively. In the process of assisting Mrs. Monika Garware Modi, Ms. Sarita Garware will shoulder additional responsibilities.

Ms. Sarita Garware has been associated with the Company as Director since 1993. She is an M.B.A. from European University in Switzerland with specialisation in marketing. She has requisite knowledge and experience to manage the corporate affairs.

The Remuneration Committee of the Company's Board of Directors reviewed the remuneration package of Ms. Sarita Garware, with a view to align such package with the practices prevailing in the corporate world and came to a conclusion that a revision was called for. The Remuneration Committee decided to revise the remuneration payable to Ms. Sarita Garware keeping in mind the additional responsibilities shouldered by her.

The Board of Directors has, at its meeting held on 12th November, 2009, approved the revised terms of remuneration and perquisites payable to Ms. Sarita Garware, so as to be commensurate with her duties and responsibilities, subject to necessary approvals.

The draft Agreement between the Company and Ms. Sarita Garware, *inter-alia*, contains the following terms and conditions: -

- a) Salary: Rs. 5,50,000/- per month. (With an annual increase of 10% per annum with effect from 01.11.2010 till the expiry of the term.)
- b) Commission: Ms. Sarita Garware will be paid commission, equivalent to the annual salary, in addition to salary and perquisites, based on the net profits of the Company in a particular year in accordance with the provisions of Sections 198 and 309 of the Companies Act, 1956.
- c) Perquisites: Ms. Sarita Garware will be entitled to furnished housing accommodation, gas, electricity, water and furnishings and other perquisites such as reimbursement of medical expenses incurred for self and family, leave travel concession for self and family once in a year, club fees, personal accident insurance, provision of a car with driver, telephone at residence etc. The monetary value of the perquisites will be calculated in accordance with the Income Tax Rules. The aggregate value of the above perquisites shall be restricted to a maximum of 30% of salary. Ms. Sarita Garware shall also be entitled to the following perquisites which shall not be included in the computation of the ceiling on remuneration: -
 - i) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these, either singly or put together, are not taxable under the Income Tax Act, 1961.
 - ii) Gratuity payable at the rate not exceeding half a month's salary for each completed year of service.
 - iii) Encashment of leave at the end of her tenure.
- d) Ms. Sarita Garware will be entitled to leave on full remuneration as per the rules of the Company but not exceeding one month's leave for every 11 months of service.
- e) Ms. Sarita Garware will also be entitled to reimbursement of entertainment expenses actually incurred by her in the course of business of the Company.
- f) Ms. Sarita Garware will also be entitled to receive from the Company traveling, hotel and other expenses incurred by her in performance of her duties on behalf of the Company.
- g) Ms. Sarita Garware will not, so long as she functions as such, become interested or otherwise concerned directly in any selling agency of the Company in future without the prior approval of the Central Government.

The remuneration payable to Ms. Sarita Garware as Joint Managing Director has been approved by the Remuneration Committee of the Board of Directors at its meeting held on 12th November, 2009.

The draft Agreement and the resolution of the Annual General Meeting referred to in the resolution under Item No. 9 of the accompanying notice will be open for inspection by the members at the Registered Office of the Company on any working day between 11:00 a.m. and 01:00 p.m., prior to the date of the meeting.

Ms. Sarita Garware is concerned or interested in the resolution under Item No.9 of the accompanying notice. Shri S. B. Garware, Mrs. S. S. Garware, Mrs. Monika Garware Modi, and Ms. Sonia Garware Directors of the Company, being related to Ms. Sarita Garware, may be deemed to be concerned or interested in the resolution. Save as aforesaid, none of the other Directors of the Company is, in any way, concerned or interested in the resolution.

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

Your Directors recommend this resolution.

Item No. 10

Dr. M. C. Agarwal was appointed as an additional director on the Board of the Company with effect from 29th April, 2009 under Article 121 of the Articles of the Association of the Company and under Section 260 of the Companies Act, 1956. Dr. Agarwal holds office as an additional director upto the date of the 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 Dr. Agarwal as the candidate to the office of the Director of the Company. As disclosed by Dr. Agarwal, he does not hold any shares of the Company.

Dr. Agarwal is Masters in Psychology, Post-MA, Diploma in research methodology, Ph.D. in Behavioral Science.

It would be in the interest of the Company to avail of the valuable experience and guidance of Dr. Agarwal. The Board recommends the appointment of Dr. Agarwal as Director of the Company.

Dr. Agarwal is concerned or interested in the resolution under Item No.10 of the accompanying notice. Save as aforesaid, none of the other Directors of the Company is, any way, concerned or interested in this resolution.

Item No. 11

Mr. Ramesh P. Makhija was appointed as an additional director on the Board of the Company with effect from 12th November, 2009 under Article 121 of the Articles of the Association of the Company and under Section 260 of the Companies Act, 1956. Mr. Makhija holds office as an additional director upto the date of the 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. Makhija as the candidate to the office of the Director of the Company. As disclosed by Mr. Makhija, he does not hold any shares of the Company.

Mr. Makhija is a practicing solicitor since 1976. After successfully completing his Attorney-at-Law examination in U.K. he enrolled himself as Solicitor of the Supreme Court of England. Mr. Makhija has promoted and incorporated a Law Firm by the name of M/s. Ramesh Makhija & Co.

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

Mr. Makhija is concerned or interested in the resolution under Item No. 11 of the accompanying notice. Save as aforesaid, none of the other Directors of the Company is, any way, concerned or interested in this resolution.

Item No. 12

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

The Board of Directors accordingly recommend the resolution set out in Item no. 12 of the accompanying notice for approval of the members.

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

Item No. 13

Pursuant to resolution passed by the shareholders of the Company at the Extra Ordinary General Meeting of the Company held on 10th January, 1995 under Section 293(1)(e) of the Companies Act, 1956, ("the act"), the Board of Directors of a Public 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 the welfare of its employees, any amounts, the aggregate of which will in any financial year exceed Rs. 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.1,50,00,000/- 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 the Directors of the Company is, in any way, concerned or interested in the said resolution.

Mumbai, 12th November, 2009

By Order of the Board of Directors

Registered Office:

Naigaon, Post Waluj,
AURANGABAD 431 133

Manoj Koul

*Company Secretary &
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. M. Garware Modi	Ms. Sonia Garware	Mr. N. P. Chapalgaonkar	Dr. M. C. Agarwal	Mr. Ramesh P. Makhija
Date of Birth & Age	04.06.1963 (46 years)	24.07.1971 (38 years)	10.04.1937 (72 years)	23.10.1946 (63 years)	19.08.1950 (59 years)
Appointed on	31.03.1989	31.01.2007	23.10.2003	29.04.2009	12.11.2009
Qualifications	M.B.A. (U.S.A.)	M.B.A. (U.S.A.)	M.A. & L.L.B	Masters in Psychology. Ph.D	L.L.B. Attorney - at - Law
Expertise in specific functional areas	Finance & Marketing	Marketing, H.R & Strategic Management	Ex-Judge of Bombay High Court	HRD	Law
Directorship(s) held in other public companies	1. Garware Industries Ltd. 2. Cadila Pharmaceuticals Ltd. 3. Casil Industries Ltd. 4. Casil Health Products Ltd. 5. IRM Ltd. 6. Karnavati Engineering Ltd.	1. Garware Industries Ltd.	-	-	1. B. Braun Medical Trust Foundation. 2. i-flex Solutions - Trustee Co. Ltd.
Memberships/ Chairmanships of Committees across public companies	NIL	NIL	NIL	Garware Polyester Ltd. Member : a) Share & Debenture Transaction cum Investor's Grievances Committee b) Audit Committee c) Remuneration Committee	NIL
Shareholding in the Company.	5,04,430	4,12,514	NIL	NIL	NIL

DIRECTORS' REPORT FOR THE YEAR ENDED SEPTEMBER 30, 2009

TO THE MEMBERS

Your Directors present the Fifty-Second Annual Report together with the Audited Statement of Accounts of the Company for the year ended 30th September, 2009.

Financial Results

(Rs. in Crores)

	October 2008-September 2009 (12 months)		April 2007- September 2008 (18 months)	
Operating Profit before Interest & Depreciation		108.42		149.99
Less : Interest & Financial Charges	52.97		78.25	
Depreciation	32.47	85.44	<u>49.10</u>	<u>127.35</u>
Profit for the period before Tax		22.98		22.64
Less : Income Tax	12.30		6.98	
Wealth Tax	0.05	12.35	<u>0.09</u>	<u>7.07</u>
Profit After Tax		10.63		15.57
Less : Extra ordinary item		0.00		6.16
Net Profit		10.63		9.41
Add : Balance brought forward from previous year		67.87		58.46
Balance available for Appropriation		78.50		67.87
Appropriation :				
Dividend on Redeemable Preference Shares		0.01		0.00
Proposed Dividend-Equity Shares		2.31		0.00
Tax on Dividend		0.39		0.00
Balance carried to Balance Sheet		75.79		<u>67.87</u>
		78.50		<u>67.87</u>

Dividend

Your Directors recommend for consideration at the Annual General Meeting, declaration of dividend for the year ended 30th September, 2009 as under :

- On 54,46,000 0.01% Cumulative Redeemable Preference Shares of Rs.100/-each and
- On 2,30,60,386 equity shares of Rs.10/- each @ 10% (i.e. Re.1/- per share).

The above will absorb Rs. 271 lakhs (including Tax). The requisite provision for dividend has been made in the accounts for the year ended 30th September, 2009.

Operations

Local sales increased by 21.13%, and exports have decreased by 32.79% (on annualized basis) due to global recession. In local market there was increase in sales volumes and there was strategic shift of quantities from export to local market. Your Company has performed better and the net profit after extra-ordinary items has increased substantially in the current year.

Future outlook

Growth in retail sector, liberalization, growing middle class and rising purchases of packaged foods and goods, growing application of polyester film in various applications such as electrical cables and motor insulators and lamination for automobiles and building glass windows is expected to fuel growth of polyester films. In International market, it is expected at 4-6% per annum. Local market growth is estimated at the rate of 10-14% per annum. The growth in domestic market is expected to be higher due to boom in retail outlets. There is likely to be significant capacity addition in coming year as some of the players are expected to commission new lines in Dubai, Mexico and China. The market scenario is, therefore, expected to be more challenging. Your Company has successfully faced the competition and been able to tap additional business in speciality film in China, USA, Australia, New Zealand, Brazil, Mexico, Nigeria and Yemen.

Despite slowdown faced during 1st quarter ended 31st December, 08, your Company faced the difficult situation by stepping up marketing efforts and initiating cost cutting measures and mitigating risk factors such as Credit Risk, Market Risk, Country Risk while reviewing the sales policy on a continuous basis. The Company, therefore, could come out with excellent results.

As regards Sun Control Film the growth of international and domestic market for Window films is expected to grow further consequent upon revival of automobile and realty sectors in last 6 months. The glass manufacturers are producing glass with embedded Sun Control characteristics. However, the toughened glass is no threat as these glasses are relatively costlier than Sun Control Films. The Company is penetrating into untapped markets in Eastern Europe such as Czechoslovakia, Croatia, Poland, Hungary, Romania, and Bulgaria. Exports of branded premium films continue to penetrate into lucrative markets such as USA, EU, UK and Russia. Various new products such as Nano, Ceramic and IR films launched in the market have revealed wide acceptance worldwide. The local market continues to show robust growth due to car kits.

Research & Development

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

Information Technology

Company believes that IT is a strategic tool for excellence in customer service and sustainable business growth. With this end in view, the Company is going for SAP implementation for better business integration by replacing legacy ERP systems.

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

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.

Quality Initiatives

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

Corporate Social Responsibility

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

Subsidiaries

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

Safety, Health & Environmental Protection

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

Directors' Responsibility Statement

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

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

Directors

Mrs. M. Garware Modi, Ms. Sonia Garware, and Mr. N. P. Chapalgaonkar retire by rotation and being eligible, offer themselves for re-appointment.

Mr. Nimish Pandya resigned from the directorship of the Company with effect from 12th January, 2009. The board places on record its sincere appreciation of the valuable guidance given by Mr. Nimish Pandya during his tenure as a Director of your Company.

Dr. M.C. Agarwal and Mr. Ramesh P. Makhija were appointed as Additional Directors by the Board of Directors of your Company with effect from 29th April, 2009 and 12th November, 2009 respectively. According to provisions of Section 260 of the Companies Act, 1956, the additional directors holds office as director only upto the date of the ensuing Annual General Meeting.

As required by Section 257 of the Act, notices have been received from members signifying their intention to propose the appointment of Dr. M. C. Agarwal and Mr. Ramesh P. Makhija, as Directors. Resolution proposing their appointment as Directors forms part of agenda of ensuing Annual General Meeting.

Audit Committee

The Audit Committee comprises of two independent Directors viz. Mr. B. Moradian, Dr. M.C. Agarwal and one wholetime Director Mr. M. S. Adsul.

Mr. B. Moradian, who is an independent non-executive director, acts as chairman of Audit Committee meetings.

Corporate Governance

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

Auditors

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

The retiring Auditors, M/s. Shah & Co. and M/s. Bhandari Dastur Gupta & Associates have conveyed their eligibility and willingness to act as joint auditors of the Company, if appointed at the ensuing Annual General Meeting. Board recommends that appointment of Joint Auditors shall be commensurate with the nature and size of operation of the Company.

Other Statutory Information

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

Industrial Relations

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

Acknowledgements

Your Directors wish to place on record their appreciation of the 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

S. B. GARWARE

Mumbai, 12th November, 2009

Chairman & Managing Director

ANNEXURE TO DIRECTORS' REPORT

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

(A) CONSERVATION OF ENERGY :-

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

1. Installation of cost effective Chilling System
2. Optimization of Chill water and Pumping System
3. Optimization of Compressed air System
4. Replacement of 150 HP blower motor with 75 HP motor
5. Installation of VFD on Biopeq feed pump
6. Aeropeq blower motor pulley replaced by smaller dia. Pulley
7. Heater efficiency optimization
8. Optimization of condensed water System
9. Briquette firing to Boiler

(B) TECHNOLOGY ABSORPTION

I. Research and Development (R&D) –

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

- a. Development of Matte film for application in Electronic Industry
- b. Development of lidding film with antifog property
- c. Establishment of heavy metal free polyester film

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

Value added products developed

3. Expenditure on R&D / Product Development

(Rs. in Lakhs)

a. Capital (Excl. CWIP)	Nil
b. Recurring	94.79
Total	94.79

Total R&D expenditure as a percentage to total turnover: 0.17%

II. Technology absorption, adaptation and innovation

1. Efforts made towards technology absorption, adaptation and innovation:

- a. Developed technique to disperse nano particles
- b. Developed non-fading nano particle based Solar Control film

2. Benefits derived as a result of above efforts:

Above efforts have resulted in improvement of product output, quality and reduction in wastage.

3. Technology imported during the last five years:

No Technology has been imported during the last 5 years

(C) FOREIGN EXCHANGE EARNING AND OUTGO

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

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

II. Total Foreign Exchange used and earned

(Rs. in Crores)

Used	: 31.13
Earned (FOB)	: 191.63

For and on behalf of the Board of Directors

S. B. GARWARE
Chairman & Managing Director

Mumbai, 12th November, 2009

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. Given below is the report on corporate governance:

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

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

1. COMPOSITION OF THE BOARD OF DIRECTORS

Category	Name of the Director	No. of Shares held as on 30th September 2009	No. of Directorship (s) in Public Limited Companies**	No. of Chairmanship (s), of Committees (Both Listed/Unlisted Public Companies)#	Committee membership (s) #
Non - Independent Executive	1. Shri S. B. Garware	14,48,890	4	-	-
	2. Mrs. Monika Garware Modi	5,04,430	7	-	-
	3. Ms. Sarita Garware	4,59,345	2	-	1
	4. Mr. M. S. Adsul	75	3	-	1
Independent Non-Executive	1. Mr. Dilip J. Thakkar	-	14	5	9
	2. Mr. B. Moradian *	-	2	2	-
	3. Mr. N. P. Chapalgaonkar	-	1	-	-
	4. Dr. M. C. Agarwal	-	1	-	2
	5. Mr. Ramesh P. Makhija	-	2	-	-
Non-Independent Non-Executive	1. Mrs. S. S. Garware	1,06,528	3	-	-
	2. Ms. Sonia Garware	4,12,514	2	-	-

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

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

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

BOARD MEETINGS

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

During the year under review commencing w.e.f 1st October, 2008 four Board Meetings were held as per details given below:

Board Meetings

Sr. No.	Date	Board Strength	No. of Present. Directors
1	06.11.2008	10	5
2	30.01.2009	9	8
3	29.04.2009	10	7
4	27.07.2009	10	8

The previous Annual General Meeting (AGM) was held on 23rd December, 2008.

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

Name of Directors	Number of Board Meetings attended	Whether present at the previous AGM
Shri S. B. Garware	2	YES
Mrs. S. S. Garware	3	NO
Mrs. M. Garware Modi	2	NO
Ms. Sarita Garware	4	NO
Ms. Sonia Garware	2	YES
Mr. M. S. Adsul	4	YES
Mr. Dilip J. Thakkar	1	NO
Mr. B. Moradian	4	NO
Mr. N. P. Chapalgaonkar	3	YES
Dr. M. C. Agarwal**	2	NO
Mr. Ramesh P. Makhija ***	-	NO
Mr. Nimish Pandya*	1	NO

* Mr. Nimish Pandya has resigned from the Directorship of the Company w.e.f. 12th January, 2009.

** Dr. M. C. Agarwal joined on the Board w.e.f. 29th April, 2009.

*** Mr. Ramesh P. Makhija joined on the Board w.e.f 12th November, 2009.

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. Nimish Pandya*	–	Member

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

Dr. M. C. Agarwal was appointed as a member of the Audit Committee w.e.f 29th April, 2009.

* Mr. Nimish Pandya ceased to be a member of the Committee w.e.f 12th January, 2009.

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	06.11.2008	3	3
2	30.01.2009	2	2
3	29.04.2009	2	2
4	27.07.2009	3	3

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

Name of Members	Audit Committee Meetings Attended
Mr. B. Moradian	4
Mr. M. S. Adsul	4
Mr. Nimish Pandya	1
Dr. M. C. Agarwal	1

(b) Share & Debenture Transactions cum Investors' Grievances Committee

The Board of the Company has constituted a Share & Debenture Transactions cum Investor's Grievances Committee comprising of the following Directors:

Mr. B. Moradian	–	Chairman
Ms. Sarita Garware	–	Member
Dr. M. C. Agarwal #	–	Member
Mr. Nimish Pandya*	–	Member

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

Dr. M. C. Agarwal was appointed as a member of the Committee w.e.f 29th April, 2009.

* Mr. Nimish Pandya ceased to be a member of the Committee w.e.f. 12th January, 2009

Brief description of terms of reference are;

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

Details of complaints received and redressed during the year from 1st October, 2008 to 30th September, 2009.

As per information received from Registrar M/s. Link Intime India Private Limited, during the year, the Company received 40 complaints from shareholders, which were resolved. The details are as under:

Nature of Complaint	No. of Complaints	No. of Complaints Resolved as on	No. of Pending Complaints
			30.09.2009
Transfer of Shares/ Debentures	12	12	Nil
Dividend	13	13	Nil
Others	15	15	Nil
Total	40	40	Nil

Share Transfer Details:

During the year, the Committee met 24 times. As on 30th September, 2009, 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	23
Mr. B. Moradian	18
Mr. Nimish Pandya	05
Dr. M. C. Agarwal	04

Investor's Grievances:

The Registrars and Share Transfer Agents, viz. 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. Nimish Pandya **	–	Member

* Dr. M. C. Agarwal was appointed as a member of the Committee w.e.f 29.04.2009.

** Mr. Nimish Pandya ceased to be a member of the Committee w.e.f 12.01.2009.

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

3. REMUNERATION TO DIRECTORS:

The Managing Director, Joint Managing Directors and Director-Technical are paid remuneration as per the Agreements entered into between them and the Company as approved by the Central Government wherever necessary. 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 are given below :-

	(Rs. in Lakhs)
(a) Salary and Perquisites	419.95
(b) Commission	-
(c) Sitting Fees to Non-Executive Directors	1.15
Total	421.10

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

Commencing from 1st October, 2008 till the date of cessation of Mr. Nimish Pandya from the directorship of the Company, M/s. Pandya & Co. was paid Rs. 25,000 towards professional services rendered in legal matters of the Company. Mr. Nimish Pandya is a partner of M/s. Pandya and Co.

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

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

To facilitate ownership and accountability in all the functional areas, the Company has adopted Standard Operating

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

Month	Share Price Data		BSE Sensex	
	High (Rs.)	Low (Rs.)	High	Low
October 2008	32.25	19.40	13,203.86	7,697.39
November 2008	21.05	17.00	10,945.41	8,316.39
December 2008	19.75	17.45	10,188.54	8,467.43
January 2009	23.90	18.50	10,469.72	8,631.60
February 2009	19.75	17.20	9,724.87	8,619.61
March 2009	17.95	16.05	10,127.09	8,047.17
April 2009	22.65	17.15	11,492.10	9,546.29
May 2009	30.20	19.55	14,930.54	11,621.30
June 2009	30.30	22.55	15,600.30	14,016.95
July 2009	30.30	22.00	15,732.81	13,219.99
August 2009	36.35	29.85	16,002.46	14,684.45
September 2009	43.20	33.80	17,142.52	15,356.72

Procedures devised by M/s. PricewaterhouseCoopers Pvt. Ltd. from the risk perspective and to strengthen internal controls and standardise the procedures to mitigate associated risks.

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.

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: Mr. Mahesh Masurkar

(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: manojkoul@garwarepoly.com

(d) PLANTS LOCATIONS :

Waluj, Chikalthana,
Nasik, and Silvassa.

(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 2008-09 to the above Stock Exchange. The Company has also paid custodial charges to National Securities Depository Limited and Central Depository Services (India) Limited for 2008-2009.

(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 & Debenture 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 88.31 % 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 30th September , 2009

No. of Shares held	No. of share-holders	% of Share-holders	No. of Shares	% share-holding
1 to 500	31,822	96.44	28,08,062	12.18
501 to 1000	608	1.84	4,81,595	2.09
1001 to 2000	268	0.81	3,98,132	1.73
2001 to 3000	74	0.22	1,89,176	0.82
3001 to 4000	40	0.12	1,44,923	0.63
4001 to 5000	37	0.11	1,79,042	0.78
5001 to 10000	63	0.19	4,64,388	2.01
10001 and above	85	0.27	1,83,95,068	79.76
Total	32,997	100.00	2,30,60,386	100.00

(j) Categories of shareholding as on 30th September, 2009.

Sr. No.	Category	No. of shares held	Percentage of Shareholding
1.	Promoters (Shri S. B. Garware, family and Associates)	1,32,54,596	57.48
2.	Mutual Funds and UTI	2,15,451	0.93
3.	Banks, Financial Institutions, Insurance Companies (Central / State Govt. Institutions/ Non-Govt. Institutions)	18,76,143	8.13
4.	Private Corporate Bodies	7,23,308	3.14
5.	Foreign Institutional Investors	2,355	0.01
6.	NRIs	8,26,913	3.58
7.	Indian Public	61,61,620	26.73
	Grand Total	2,30,60,386	100.00

(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. M. Garware Modi, Ms. Sonia Garware and Mr. N. P. Chapalgaonkar, Directors are retiring by rotation and being eligible, offer themselves for re-appointment. The appointment of Dr. M.C. Agarwal and Mr. Ramesh P. Makhija are proposed to be regularised in this ensuing Annual General Meeting, since they were appointed as an additional directors on 29th April, 2009 and 12th November, 2009 respectively.

(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) Information on General Body Meetings

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

	Date	Venue	Time
49 th AGM	29.09.2006	Registered Office: Naigaon, post Waluj, Aurangabad-431133	11.30 a.m.
50 th AGM	18.12.2007	As above	11.30 a.m.
51 st AGM	23.12.2008	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.

(o) Financial Calendar

Financial Year	1 st October 2008 to 30 th September 2009
Unaudited Financial Results for the Quarter ending 31 st December 2009 / 31 st March 2010 / 30 th June 2010 and 30 th September 2010	In the month immediately following the respective quarter.
Annual General Meeting for year ending 30 th September 2010	Before the end of December 2010.
Date of Book Closure for the current financial year	18 th December, 2009 to 28 th December, 2009 (both days inclusive)
Dividend payment date	On or after 28 th December, 2009
Email address for Investor Complaints	manojkoul@garwarepoly.com

AUDITORS' REPORT ON CORPORATE GOVERNANCE

THE MEMBERS, GARWARE POLYESTER LIMITED

We have examined the compliance of conditions of Corporate Governance by GARWARE POLYESTER LIMITED for the year ended 30th September 2009, 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 period 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

(INDULAL H. SHAH)
Partner
Membership No. : 798

Place : Mumbai
Date : 12th November, 2009

CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION (Pursuant to Clause 49(V) of the Listing Agreement)

To,
The Board of Directors,
GARWARE POLYESTER LIMITED

We, the undersigned, in our respective capacities as **a) Chairman and Managing Director and b) Chief Financial Officer** of Garware Polyester Limited ("the Company") to the best of our knowledge and belief certify that:

- (a) We have reviewed the financial statements and the cash flow statement for the 12 months year ended on September 30,2009 and based on our knowledge and belief, we state that:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain any statement that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.

We hereby declare that all the members of the Board of Directors and Management Committee have confirmed compliance with the Code of Conduct as adopted by the Company.
- (c) We are responsible for establishing and maintaining internal controls and evaluating the effectiveness of the same over the financial reporting of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and Audit Committee:
 - (i) significant changes, if any, in the internal control over financial reporting during the year.
 - (ii) significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware and involvement therein, if any, of the management of and employee having significant role in the Company's internal control system over financial reporting.

K. N. Moghe
Chief Financial Officer

S. B. Garware
Chairman & Managing Director

Place : Mumbai
Date : 12th November, 2009.

REPORT ON MANAGEMENT DISCUSSION AND ANALYSIS
Overview

Garware Polyester Limited (GPL) is a pioneer producer of polyester films and metallised film. It is the only Company, which manufactures quality Sun Control Film in India.

1. Industry Structure and Developments

Polyester films have wide applications in flexible packaging, electrical magnetic media, imaging etc. There is likely to be significant capacity addition during the year 2009-10 by other players in India, Dubai and Mexico.

The restrictive trade practices continue to hamper the export in EU and USA. The Company has therefore developed alternative markets viz. Far East, Middle East, Brazil, Australia, China, New Zealand, Eastern Europe, Mexico, Nigeria and Yemen.

2. Opportunities and threats

In view of capacity additions in 2009 -10, the company is constantly endeavouring to introduce new products. Some of the products already developed are Nano technology based films, Ceramic films and IR (Infra-red) films. These products have been well received by our customers both in domestic and international markets. With increased focus on R&D, the Company hopes to maintain its growth. The Company has also undertaken cost control measures.

3. Outlook
Exports:
Plain Film:

The global recession seems to be over with China, Far East, Middle East and African markets doing well. The Company is fully geared up to meet challenges posed by significant capacity addition in coming two years with new lines being commissioned by competition in India, Dubai, Mexico and China. The market scenario is, therefore, expected to be more challenging. Your Company has

successfully faced the competition and been able to tap additional business in speciality film in China, USA, Australia, New Zealand, Brazil, Mexico, Nigeria and Yemen. The Company's wholly owned subsidiary in UK, viz. Garware Polyester International Limited (GPIL) is handling European markets and Global Pet Films (GPF), a wholly owned subsidiary of GPIL, is handling American markets. We expect these subsidiaries to grow their business further, given the response to the Company's popular brands, such as 'Garfilm' and 'Global Window Film'.

Sun Control Film:

Exports of Sun Control films continue to grow thanks to the launch of high margin premium film in Russia & East Europe contributing positively to Company's profitability. During the period, the focus was on reviving important, huge markets such as the US and Canada and Latin America. These initiatives have enabled the company to sustain growth despite the slowdown observed in late 2008 due to the world economic crisis. Growing demand and production of automobiles coupled with renewed growth in the building industry particularly in the emerging economies such as India, Brazil, Russia, China, Middle East etc. offers very good prospects for Sun Control films.

Local:

The strategy of introducing new, value added car kits and OEM tie-ups has ensured robust growth for Sun Control films in the domestic market despite the dire situation at the end of 2008. Increased usage of Window films in offices, commercial buildings and malls continues to add to the growth of 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)

	2008-09 (12 Months)	2007-08 (18 Months)	% change on annualised basis
Gross Sales	91,381.11	150,702.50	(9.04)%
Net Sales	55,382.90	86,202.30	(3.63)%
Other Income	200.01	204.25	46.89%
Profit before Interest, Depreciation & Tax	10,842.30	14,999.24	8.43%
Interest & Financial Charges	5,297.39	7,824.96	1.55%
Depreciation	3,247.09	4,910.29	(0.81)%
Profit before Tax	2,297.82	2,263.99	52.24%
Provision for Tax	1,234.46	707.47	161.73%
Profit after Tax	1,063.36	1,556.52	2.47%
Extra Ordinary Item	0.00	616.00	(100.00)%
Net Profit	1,063.36	940.52	69.59%
Earnings per share before Extra Ordinary Item (Rs.)	4.62	6.93	(0.00)%
Earnings per share after Extra Ordinary Item (Rs.)	4.62	4.19	65.39%
Market Capitalization	8,878.25	8,069.72	65.03%

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 12-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 period under review have been exhibiting volatile trend. The volatility of Rupee has added further uncertainty. Though the Company has been in a position to pass on the increases partially, there has always been a time lag for export markets. In view of competition, it has sometimes not been possible to fully pass on the increase to the consumers. There will, therefore, be pressures on the profitability.

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

Some of the Company's products are commodity grade and are to a large extent fungible with competitors' products. 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.

Taxes and other levies imposed by the Central or State governments in India that affect the industry include customs duties, excise duties, sales tax, VAT, income tax and other taxes, duties or surcharges introduced on a permanent or temporary basis from time to time.

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 Company is a large exporter of films to many countries and for the 12 month period ended September 30, 2009, nearly 95.51% of revenue from exports was denominated in U.S. Dollars and 4.49% was denominated in Euros and other currencies. The volatile foreign exchange market is a concern. To handle this situation and to not only protect the margins but to maximize the earnings, your Company is exploring the various options available in the forex market.

The Company is subject to risks arising from interest rate fluctuations, which could adversely affect its business operational results. The Company has endeavoured 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

TO THE MEMBERS OF GARWARE POLYESTER LIMITED

We have audited the attached Balance Sheet of **GARWARE POLYESTER LIMITED** as at 30th September 2009, and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. 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 30th September 2009 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 30th September 2009
 - (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

(INDULAL H. SHAH)
Partner
Membership No : 798

Mumbai, 12th November, 2009

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 58A and 58AA 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 in the year under review for any of the products of the company.
- (ix) (a) According to the information and explanation 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 30th September 2009 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	2002 – 03	13.61	Commissioner of Income Tax, Mumbai
Income Tax	2003 – 04	29.61	
Excise Duty	1994 – 95	7.21	Customs, excise and Service Tax Appellate Tribunal, Mumbai
	2001 – 02	31.40	
Excise Duty	1989 – 90	0.41	High Court, Mumbai
Sales Tax	1982 – 83	4.88	Deputy Commissioner, Delhi
Sales Tax	1984 – 85	6.00	Sales Tax Assessing Officer, Delhi & Noida
	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.
- (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

(INDULAL H. SHAH)
Partner
Membership No : 798

Mumbai, 12th November 2009

ANNUAL REPORT 2008-2009

BALANCE SHEET AS AT 30TH SEPTEMBER, 2009

	Schedule		As at 30.09.2009 (Rs. in Lakhs)	As at 30.09.2008 (Rs. in Lakhs)
FUNDS EMPLOYED :				
SHAREHOLDERS' FUNDS				
Share Capital	1	7,745.83	7,725.83	
Reserves & Surplus	2	<u>17,475.59</u>	<u>16,587.11</u>	
			25,221.42	24,312.94
LOAN FUNDS				
Secured Loans	3A	32,095.25	39,349.21	
Unsecured Loans	3B	<u>93.25</u>	<u>505.68</u>	
			32,188.50	39,854.89
Deferred Tax Liability			<u>1,444.24</u>	<u>250.49</u>
TOTAL			<u>58,854.16</u>	<u>64,418.32</u>
APPLICATION OF FUNDS :				
FIXED ASSETS				
Gross Block	4	86,101.72	85,193.97	
Less: Depreciation		<u>47,167.27</u>	<u>43,934.94</u>	
Net Block		38,934.45	41,259.03	
Capital Work in Progress		<u>222.22</u>	<u>312.93</u>	
			39,156.67	41,571.96
INVESTMENTS	5		3,810.02	3,810.02
CURRENT ASSETS, LOANS AND ADVANCES				
Inventories	6	5,677.87	7,778.63	
Sundry Debtors		9,846.71	11,009.12	
Cash and Bank Balances		952.29	675.50	
Other Current Assets		2,162.47	2,233.48	
Loans and Advances		<u>2,920.75</u>	<u>2,584.64</u>	
		21,560.09	24,281.37	
Less: CURRENT LIABILITIES AND PROVISIONS	7			
Current Liabilities		2,820.95	3,265.46	
Provisions		<u>2,866.42</u>	<u>2,012.15</u>	
		5,687.37	5,277.61	
Net Current Assets			15,872.72	19,003.76
Miscellaneous Expenditure (To the extent not written off)				
Share Issue Expenses			14.75	32.58
TOTAL			<u>58,854.16</u>	<u>64,418.32</u>

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

For and on behalf of the Board of Directors

As per our report of even date For SHAH & CO. Chartered Accountants

S. B. GARWARE
Chairman &
Managing Director

M. S. ADSUL
Director-Technical

B. MORADIAN
Director

INDULAL H. SHAH
Partner

MANOJ KOUL
Company Secretary &
General Manager

K. N. MOGHE
Chief Financial Officer

Mumbai, 12th November, 2009

Mumbai, 12th November, 2009

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER, 2009

	Schedule	2008-2009 (12 Months) (Rs. in Lakhs)	2007-2008 (18 Months) (Rs. in Lakhs)
INCOME :			
Sales including Excise duty		58,736.93	92,648.55
Inter-Divisional Transfers (as per contra)		32,644.18	58,053.95
Gross Sales		91,381.11	150,702.50
Less: Excise duty		3,354.03	6,446.25
Net Sales		88,027.08	144,256.25
Other Income	8	200.01	204.25
Increase / (Decrease) in Finished and Semi-finished Goods	9	(1,604.21)	(43.63)
		86,622.88	144,416.87
EXPENDITURE :			
Raw Materials consumed	10	25,033.20	42,229.70
Inter-Divisional Transfers (as per contra)		32,644.18	58,053.95
Manufacturing & Other expenses	11	18,103.20	29,133.98
Interest & Financial charges (Refer Note No.8 in Schedule 12B)		5,297.39	7,824.96
		81,077.97	137,242.59
Profit before Depreciation and Tax		5,544.91	7,174.28
Depreciation		3,247.09	4,910.29
Profit before Tax		2,297.82	2,263.99
Less : Provision for Taxation :			
Deferred Tax		1,193.75	430.60
Current Tax		467.77	173.74
Less : MAT Credit Entitlement		(467.77)	0.00
Fringe Benefit Tax		35.80	94.00
Wealth Tax		4.91	9.13
Profit after Tax		1,063.36	1,556.52
Less : Extra Ordinary Items		0.00	616.00
Net Profit		1,063.36	940.52
Add: Balance brought forward from previous period		6,786.53	5,846.01
Profit available for appropriation		7,849.89	6,786.53
APPROPRIATIONS:			
Dividend on Redeemable Preference Shares		1.02	0.00
Proposed Dividend on Equity Shares		230.60	0.00
Tax on Dividend		39.36	0.00
		270.98	0.00
Balance carried to Balance Sheet		7,578.91	6,786.53
Earnings per Share {(Basic/Diluted) (Rupees) (Face value of Rs.10/-each)} Before Extra Ordinary Items (Not Annualised for previous period)		4.62	6.93
Earnings per Share {(Basic/Diluted) (Rupees) (Face value of Rs.10/-each)} After Extra Ordinary Items (Not Annualised for previous period) (Refer Note No.13 in Schedule 12B)		4.62	4.19

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

For and on behalf of the Board of Directors

As per our report of even date
For SHAH & CO.
Chartered Accountants

S. B. GARWARE
Chairman &
Managing Director

M. S. ADSUL
Director-Technical

B. MORADIAN
Director

INDULAL H. SHAH
Partner

MANOJ KOUL
Company Secretary &
General Manager

K. N. MOGHE
Chief Financial Officer

Mumbai, 12th November, 2009

Mumbai, 12th November, 2009

ANNUAL REPORT 2008-2009

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE-1

	As at 30.09.2009 (Rs. in Lakhs)	As at 30.09.2008 (Rs. in Lakhs)
SHARE CAPITAL		
Authorised:		
4,00,00,000 Equity Shares of Rs. 10/- each (Previous period 4,00,00,000)	4,000.00	4,000.00
60,00,000 Preference Shares of Rs.100/- Each (Previous period 60,00,000) (Refer Note - A below)	<u>6,000.00</u> <u>10,000.00</u>	<u>6,000.00</u> <u>10,000.00</u>
Issued, Subscribed and Paid-up:		
2,28,60,386 Equity Shares of Rs. 10/- each fully paid-up (Previous period 2,18,41,364)	2,286.04	2,184.14
200,000 Equity Shares of Rs.10/- each issued during the year (Previous period 10,19,022) (Refer Note A (i) & (ii) below)	<u>20.00</u> <u>2,306.04</u>	<u>101.90</u> <u>2,286.04</u>
Less: Unpaid allotment call money (from others)	<u>6.21</u>	<u>6.21</u>
	2,299.83	2,279.83
54,46,000 0.01% Cumulative Redeemable Preference Shares of Rs.100/- each (Previous period 54,46,000) Refer Note -A (iii) below)	<u>5,446.00</u>	<u>5,446.00</u>
TOTAL	<u>7,745.83</u>	<u>7,725.83</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)

Note : (A)

Pursuant to the Shareholders resolution passed in the Extra Ordinary General Meeting held on 7.11.2007 and 19.06.2008, the Company has increased its Authorised Share Capital from Rs. 2,500 Lakhs to Rs. 10,000 Lakhs out of which the company has issued and allotted Equity and Preference shares to Industrial Development Bank of India Limited (IDBI) and Equity Shares to UTI as per settlements without payment being received in cash as follows.

- (i) 10,19,022 Equity shares of Rs. 10/- each at a Premium of Rs. 48.88 per share issued to IDBI in previous period.
- (ii) 2,00,000 Equity shares of Rs. 10/- each at a Premium of Rs. 22.67 per share issued to Unit Trust of India (UTI) against their outstanding loans to various scheme operating under UTI-Mutual Fund (UTI-MF), and Specified undertaking Unit Trust of India (SU-UTI) of UTI Assets Management Company Limited as per share holders resolution passed at the Annual General Meeting held on 23.12.2008
- (iii) 54,46,000 0.01% Cumulative Redeemable Preference Shares of Rs. 100/- each issued to IDBI in previous period. 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.

SCHEDULE-2

RESERVES AND SURPLUS

Share Premium :

Balance as per last Balance Sheet	546.80	48.70
Add: Premium on Equity Shares issued to Unit Trust of India (UTI) under its various schemes. (Refer Note No A (i) & (ii) in Schedule 1)	<u>45.34</u>	<u>498.10</u>
	592.14	546.80

Debenture Redemption Reserve :

Balance as per last Balance Sheet	1,356.05	1,356.05
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Revaluation Reserve :

Balance As per last Balance Sheet	4,584.49	4,584.49
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General Reserve :

Balance As per last Balance Sheet	3,313.24	4,024.84
Add : Loss on exchange rate fluctuation on Foreign Currency Loans for the financial year 2007-08 transferred to Fixed Assets (Ref Note No.5 In schedule 12 A)	<u>50.76</u>	0.00

Less: Provision for Leave encashment as of 1.4.2007	<u>0.00</u>	<u>711.60</u>
	3,364.00	3,313.24

Profit & Loss Account

	<u>7,578.91</u>	<u>6,786.53</u>
TOTAL	<u>17,475.59</u>	<u>16,587.11</u>

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

SCHEDULE-3	Notes	As at 30.09.2009 (Rs. in Lakhs)	As at 30.09.2008 (Rs. in Lakhs)
A SECURED LOANS			
I. Debentures / Bonds			
(i) 12.50% Non Convertible / Privately Placed Debentures		202.50	6,619.44
Less : Redeemed during the year		<u>202.50</u>	<u>6,416.94</u>
		0.00	202.50
(ii) Zero Coupon Bonds	A	785.84	3,253.16
Less : Redeemed during the year		<u>590.84</u>	<u>2,467.32</u>
		195.00	785.84
(iii) Interest accrued and due		<u>0.00</u>	<u>21.15</u>
		195.00	1,009.49
II. From Banks			
(i) Cash / Packing Credit Accounts	B	3,269.63	2,029.05
(ii) Working Capital Demand Loan		<u>13,024.75</u>	<u>15,915.78</u>
		16,294.38	17,944.83
III. Term Loans			
(i) Financial Institutions	C		0.00
a) Rupee Loan		847.48	
b) Foreign Currency Loan		<u>397.35</u>	<u>3,700.87</u>
		1,244.83	3,700.87
(ii) Banks	D		
a) Rupee Loan		1,843.00	13,886.41
b) Foreign Currency Loan		<u>12,334.43</u>	<u>1,900.32</u>
		14,177.43	15,786.73
(iii) Vehicle Finance	E	<u>89.75</u>	<u>37.36</u>
		15,512.01	19,524.96
IV. Deferred interest	F	<u>93.86</u>	<u>869.93</u>
TOTAL		<u>32,095.25</u>	<u>39,349.21</u>
(Refer Note No. 5 in Schedule 12B)			

Notes :

- (A) Zero Coupon Bonds of Rs. 100/- each aggregating to Rs. 195.00 Lakhs (Previous Period Rs. 785.84 Lakhs) are secured by a mortgage on Company's immovable property situated at Vile Parle, Mumbai.
- (B) Cash / Packing Credit / Working Capital Demand Loan 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) The total Term Loans from Financial Institutions aggregating to Rs. 1,244.83 Lakhs (Previous Period Rs. 3,700.87 Lakhs) are secured as under:
- (1) An amount of Rs. 121.45 Lakhs (Previous Period Rs. 592.86 Lakhs) is secured by:
 - (a) A mortgage ranking pari passu with mortgage created / to be created on Company's immovable properties situated at Aurangabad & Nasik in favour of EXIM Bank for their Term Loan.
 - (b) Hypothecation charge ranking pari passu with charges created / to be created in favour of EXIM Bank for their Term Loan of all the movable properties of the Company including movable Plant & Machinery, Spares, Tools & Accessories, present and future (save and except Book Debts) at Nasik and Aurangabad, subject to prior charge created and / or to be created in favour of the Company's bankers on:
 - (i) Specified movables for securing borrowings for the Company's Working Capital Requirements and,
 - (ii) Specified assets charged to the Company's bankers as security for Term Loans.
 - (2) An amount of Rs. 275.90 Lakhs (Previous Period Rs. 1,346.82 Lakhs) is secured by a second charge by way of hypothecation of the company's movable fixed assets and mortgage of company's immovable properties situated at Aurangabad and Nasik subject to prior charges created and / or to be created in favour of Financial Institutions / Banks.
 - (3) Exim Bank Working Capital loan of Rs. 847.48 Lakhs (Previous Period Rs. 1,761.19 Lakhs) is secured by hypothecation of stores, spares & packing materials & stock-in-trade and book debts of the Company and further secured by a second charge on the movable assets of the Company and immovable properties situated at Aurangabad, Nasik.
- (D) The total Term Loans of Rs. 14,177.43 Lakhs (Previous Period Rs. 15,786.73 Lakhs) from Banks are secured as under :
- (1) Term Loans of Rs. 11,671.67 Lakhs (Previous Period Rs. 11,082.00 Lakhs) are converted in to foreign currency loans during the year and secured by a mortgage on Company's immovable property situated at Vile Parle, Mumbai.
 - (2) Term Loan of Rs. 69.03 Lakhs out of Rs. 71.60 Lakhs (Previous Period Rs. 656.51 Lakhs out of Rs. 669.38 Lakhs) is a foreign currency loan. The said loan is secured by a mortgage on Company's immovable property situated at Vile Parle, Mumbai.
 - (3) Term Loan of Rs. 483.25 Lakhs out of Rs. 2,323.67 Lakhs (Previous Period Rs. 704.47 Lakhs out of Rs. 3,496.02 Lakhs) is a foreign currency loan. The said loan is secured by charge on the project assets and also by way of collateral of the Company's immovable property situated at Vile Parle, Mumbai.

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

- (4) Term loan of Rs. 110.49 Lakhs (Previous Period Rs. 539.33 Lakhs) is a foreign currency loan. The same is secured by:
- (a) A mortgage ranking pari passu with mortgage created on Company's immovable properties situated at Aurangabad and Nasik in favour of ICICI Bank Limited and EXIM Bank for their term loans.
- (b) Hypothecation / charge ranking pari passu with charges created / to be created in favour of ICICI Bank Limited and EXIM Bank for their Term Loans of all the movable properties of the Company including movable Plant & Machinery, Spares, Tools and Accessories, present and future (save and except Book Debts) at Nasik and Aurangabad, subject to prior charge created and / or to be created in favour of the Company's bankers on:
- (i) Specified movables for securing borrowings for the Company's Working Capital Requirements and,
- (ii) Specified assets charged to the Company's bankers as security for Term Loans.
- (E) Vehicle Finance is secured by hypothecation of specific assets.
- (F) Funded interest outstanding as on 30th September, 2009 has been deferred on interest free basis and is secured by charge/ mortgage on the same lines as referred to the loans above.

	As at 30.09.2009 (Rs. in Lakhs)	As at 30.09.2008 (Rs. in Lakhs)
B UNSECURED LOANS		
(i) Interest-free Sales Tax Loans, Interest-free Capital Incentive Loans and Sales Tax Deferral from SICOM for Aurangabad and Nasik Units Amount repayable within one year Rs. 64.43 Lakhs (Previous period Rs. 112.93 Lakhs)	93.25	205.48
(ii) Short Term Loan from others Amount repayable within one year Rs. Nil Lakhs (Previous period Rs. 300.20 Lakhs)	0.00	300.20
TOTAL	93.25	505.68

SCHEDULE-4

FIXED ASSETS

(Rs. in Lakhs)

Sr. No.	Description of Assets	GROSS BLOCK				DEPRECIATION	NET BLOCK	
		Cost/ Revaluation As at 01.10.2008	Additions during the year	Sales/Transfer/ Adjustment during the year	Cost/ Revaluation As at 30.09.2009	Up to 30.09.2009	As at 30.09.2009	As at 30.09.2008
1.	Land (Freehold)	11,576.62	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	1,863.36	0.00	1,863.36	1,863.36
3.	Buildings	7,743.12	104.25	0.00	7,847.37	4,912.12	2,935.25	3,130.86
4.	Plant & Machinery	56,000.70	681.76	0.00	56,682.46	35,254.93	21,427.53	23,450.91
5.	Electrical Installations	3,006.00	10.88	0.00	3,016.88	2,478.41	538.47	614.11
6.	Moulds	287.54	0.00	0.00	287.54	287.54	0.00	0.00
7.	Laboratory Equipments	350.38	0.32	0.00	350.70	212.81	137.89	159.85
8.	Furniture & Fixtures	509.01	0.13	0.00	509.14	442.55	66.59	81.30
9.	Office Equipments	505.29	19.16	0.00	524.45	383.32	141.13	143.60
10.	Vehicles	345.07	97.28	18.22	424.13	276.04	148.09	90.11
11.	Capital Expenditure On Research & Development	218.60	0.00	0.00	218.60	210.10	8.50	12.14
12.	Data Processing Equipments	1,200.06	12.89	0.70	1,212.25	1,136.84	75.41	110.28
13.	Expenditure On Tech. know-how/Product Development	1,430.76	0.00	0.00	1,430.76	1,415.15	15.61	25.89
14.	Copyrights	157.46	0.00	0.00	157.46	157.46	0.00	0.00
	Total	85,193.97	926.67	18.92	86,101.72	47,167.27	38,934.45	41,259.03
	Previous period	84,218.12	1,074.04	98.19	85,193.97	43,934.94	41,259.03	
	Capital Work-in-Progress						222.22	312.93

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 an amendment Rules 2009 on AS-11 Notified by Government of India on 31.03.2009, company has capitalised Rs. 98.52 Lakhs on account of exchange rate difference on foreign currency loans (Refer Note No. 5 in schedule 12 A)

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

	As at 30.09.2009 (Rs. in Lakhs)	As at 30.09.2008 (Rs. in Lakhs)
SCHEDULE-5		
INVESTMENTS (AT COST)		
LONG TERM INVESTMENTS		
A. In Government Securities (Unquoted) :		
1. 10 Years 8.50% 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. 4,00,000 Equity Shares of Garware Wall Ropes Limited, of the face value of Rs. 10/- each fully paid-up.	56.80	56.80
	56.81	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. (a) 2,97,76,820 Equity Shares (Previous period 2,97,76,820 Equity Shares) of Garware Chemicals Ltd. of the face value of Rs.10/- each fully paid-up including four equity shares held by nominees.	2,277.19	2,277.19
(b) 5,60,000 Equity Shares (Previous period 5,60,000 Equity Shares) of Garware Chemicals Ltd. of the face value of Rs.10/- each fully paid up. Acquired as per agreement for purchase of shares with Industrial Development Bank of India Ltd.	30.00	30.00
9. 1,29,69,000 0.01% Optional Convertible Cumulative Redeemable Preference Shares (Previous period 1,29,69,000 OCCRP Shares) of Garware Chemicals Ltd. of the face value of Rs.10/- each fully paid up.	1,296.90	1,296.90
	3,619.64	3,619.64
III In Subsidiary Company (Unquoted)		
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
TOTAL	<u>3,810.02</u>	<u>3,810.02</u>
	Cost	Cost
	Market value	Market value
NOTE : Aggregate amount of company's investments.	Quoted 56.81 298.88	56.81 303.80
	Unquoted 3,753.21	3,753.21
TOTAL	<u>3,810.02</u>	<u>3,810.02</u>

ANNUAL REPORT 2008-2009

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

	As at 30.09.2009 (Rs. in Lakhs)	As at 30.09.2008 (Rs. in Lakhs)
SCHEDULE - 6		
CURRENT ASSETS, LOANS & ADVANCES		
A) CURRENT ASSETS:		
I. Inventories :		
(As taken, valued & certified by the Management)		
(a) Stores, Spare parts & Packing materials (At Cost)	2,257.84	2,385.98
(b) Stock-in-trade		
(i) Raw Materials (At cost)	1,015.74	1,384.15
(ii) Finished goods (At cost or market value whichever is lower)	580.13	1,124.56
(iii) Semi-finished goods (At cost)	<u>1,824.16</u>	<u>2,883.94</u>
	5,677.87	7,778.63
II. Sundry Debtors :		
(Unsecured, considered good, unless otherwise stated excluding Bills Receivable discounted) (Refer note No.4 in Schedule 12B)		
(a) Debts outstanding for a period exceeding six months.		
(i) Considered Good	2.36	2.31
(ii) Considered Doubtful	<u>493.33</u>	<u>493.33</u>
	495.69	495.64
Less : Provision for Doubtful Debts	<u>493.33</u>	<u>493.33</u>
	2.36	2.31
(b) Other Debts (Including Rs. 57.07 Lakhs due from subsidiary companies, previous period Rs.196.11 Lakhs and Rs. 6,743.11 Lakhs due from Associate companies, Previous period Rs. 6,010.42 Lakhs)	<u>9,844.35</u>	<u>11,006.81</u>
	9,846.71	11,009.12
III. Cash and Bank Balances :		
(a) Cash on hand	21.43	19.31
(b) Bank balances :		
With Scheduled Banks:		
In Current Accounts	733.35	492.01
In Margin Accounts	134.67	97.17
In Deposit Accounts	53.55	57.64
In Unclaimed Dividend Accounts	<u>9.29</u>	<u>9.37</u>
	952.29	675.50
IV. Other Current Assets:		
(a) Export benefits / Incentives receivable	427.34	840.79
(b) Other receivables	1,649.90	1,392.69
(c) Foreign Currency Monetary Items Translation Difference Account.(Exchange rate difference on foreign currency loan)	<u>85.23</u>	<u>0.00</u>
	2,162.47	2,233.48
B) LOANS & ADVANCES:		
(Unsecured, considered good, unless otherwise stated)		
(i) Advances recoverable in cash or in kind or for value to be received	568.69	1007.03
(ii) Advance against Capital Expenditure	0.00	10.82
(iii) Deposits with Customs & Excise authorities	226.82	151.10
(iv) Deposits with others	96.27	95.33
(v) MAT Credit Entitlement	467.77	0.00
(vi) Advance Payment of Income Tax / Fringe Benefit Tax and tax deducted at source	<u>1561.20</u>	<u>1320.36</u>
	2,920.75	2,584.64
TOTAL	<u><u>21,560.09</u></u>	<u><u>24,281.37</u></u>

SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

	As at 30.09.2009 (Rs. in Lakhs)	As at 30.09.2008 (Rs. in Lakhs)
SCHEDULE -7		
<u>CURRENT LIABILITIES AND PROVISIONS :</u>		
A: Current Liabilities :		
(i) Sundry Creditors (Refer Note No 16 in Schedule 12 B)	1,636.40	1,853.40
(ii) Other Liabilities (Including Rs. 76.69 Lakhs due to Subsidiary companies, Previous period Rs. 76.69 Lakhs & Rs. Nil due to Directors, Previous period Rs.16.00 Lakhs)	770.94	908.47
(iii) Deposits and advances from customers & others (Including Rs. 85.63 Lakhs advance from Subsidiary company)	401.68	491.66
(iv) Unclaimed Dividend	9.79	9.79
(v) Unclaimed Debenture and Interest	2.14	2.14
	2,820.95	3,265.46
B: Provisions		
(a) Taxation		
(i) Provision for Taxation	1,384.78	917.01
(ii) Provision for Fringe Benefit Tax	295.31	259.51
	1,680.09	1,176.52
(b) Provision for Leave Encashment / Gratuity	915.35	835.63
(c) Provision for Dividend on Preference Shares	1.02	0.00
(d) Provision for Proposed Dividend on Equity Shares	230.60	0.00
(e) Provision for Tax on Dividend	39.36	0.00
	2,866.42	2,012.15
TOTAL	5,687.37	5,277.61

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

	2008-09 (12 Months) (Rs. in Lakhs)	2007-2008 (18 Months) (Rs. in Lakhs)
SCHEDULE-8		
<u>OTHER INCOME</u>		
Insurance claims	27.55	7.93
Income from Investments (Gross)	11.99	11.72
Interest on short term deposits with banks and others (Gross) (TDS Rs. 13.79 Lakhs Previous period Rs. 4.84 Lakhs)	85.34	21.67
Miscellaneous income	37.60	98.68
Profit on sale of fixed assets (Net)	2.39	4.16
Provision for Doubtful debts no longer required.	0.00	14.80
Less: Bad debts Written off	0.00	0.80
Excess Provision / Sundry Credit Balances written back	3.56	27.84
Rent (TDS Rs. 0.41 Lakh Previous period Rs. 0.61 Lakh)	4.20	6.30
Sales Tax / Excise refund	27.38	11.95
TOTAL	200.01	204.25
SCHEDULE-9		
<u>INCREASE / (DECREASE) IN FINISHED AND SEMI-FINISHED GOODS</u>		
Opening Stock:		
Finished goods	1,124.56	994.74
Semi finished goods	2,883.94	3,057.39
	4,008.50	4,052.13
Closing Stock:		
Finished goods	580.13	1,124.56
Semi finished goods	1,824.16	2,883.94
	2,404.29	4,008.50
Increase / (Decrease)	(1,604.21)	(43.63)
SCHEDULE-10		
<u>RAW MATERIALS CONSUMED</u>		
Opening Stock	1,384.15	990.15
Add: Purchases and Expenses	24,664.79	42,623.70
	26,048.94	43,613.85
Less: Closing Stock	1,015.74	1,384.15
TOTAL	25,033.20	42,229.70

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

	2008-2009 (12 Months) (Rs. in Lakhs)	2007-2008 (18 Months) (Rs. in Lakhs)
SCHEDULE - 11		
MANUFACTURING AND OTHER EXPENSES		
A. Manufacturing Expenses:		
Stores, Spares and Packing Materials consumed (Net)	2,162.87	4,235.75
Power and Fuel	5,408.73	8,432.70
Processing Charges	1,343.13	2,427.22
Water Charges	94.13	162.36
	9,008.86	15,258.03
B. Employees' Remuneration & Benefits:		
Salaries, Wages and Bonus	2,544.22	3,550.90
Contribution to Provident and other funds	486.30	828.41
Staff Welfare Expenses	227.09	340.97
	3,257.61	4,720.28
C. Administrative, Selling and General Expenses:		
Rent, Hire charges and Compensation (Net)	59.34	70.17
Rates, Taxes and Licence Fees	25.30	50.39
Insurance (Net)	149.27	291.63
Freight and Forwarding (Net)	1,420.15	2,541.54
Research and Development Expenses	94.79	210.67
Repairs and Maintenance of:		
(i) Plant and Machinery	504.91	773.22
(ii) Buildings	179.87	321.81
(iii) Other Assets	419.06	641.42
	1,103.84	1,736.45
Advertisement Expenses	46.13	128.75
Sales Tax / VAT	18.63	86.90
Travelling & Conveyance	409.88	619.67
Postage, Telegrams & Telephones	96.28	153.23
Lease Rentals	24.47	55.37
Commission on Sales	201.85	156.99
Donations	45.05	25.61
Legal and Professional charges (Refer Note No. 7 in Schedule 12 B)	608.01	1,022.37
Auditors' Remuneration		
(i) Audit fees	8.00	12.01
(ii) Tax Audit fees	4.00	6.00
(iii) For Certification / Others	2.63	5.15
(iv) Reimbursement of out of pocket Expenses	0.35	0.35
	14.98	23.51
Miscellaneous Expenses	857.65	1,301.68
Provision for Doubtful Debts	0.00	3.70
Loss on Swap / Exchange Rate Fluctuations	240.01	46.70
	5,415.63	8,525.33
D. Managerial Remuneration:		
(a) To Managing Director & Joint Managing Directors :		
(i) Salary	240.00	360.00
(ii) Contribution to Provident fund, Superannuation & Gratuity Scheme	74.40	111.60
(iii) Other Perquisites	73.16	107.05
(iv) Leave Salary	9.29	13.22
	396.85	591.87
(b) To Whole Time Director:		
(i) Salary	10.20	14.50
(ii) Contribution to Provident fund, Superannuation & Gratuity Scheme	3.17	5.05
(iii) Other perquisites	8.14	9.74
(iv) Leave Salary / Encashment	1.59	7.18
	23.10	36.47
(c) Directors' sitting fees	1.15	2.00
	421.10	630.34
TOTAL	<u>18,103.20</u>	<u>29,133.98</u>

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. 5,000/- or less are depreciated fully in the year of acquisition.

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

Raw materials, stores, spares and packing materials are valued at weighted average cost. Finished goods are valued at lower of cost or market value. Semi-finished goods including those held for captive consumption are valued at factory cost (including depreciation).

5. Foreign Currency Transactions

- During the year, foreign currency transactions relating to purchases of goods and services are translated at the rate prevailing at the time of settlement of the transactions.
- Amounts remaining unsettled on these transactions at the Balance Sheet date are translated at the contracted rates (where applicable) or at the exchange rates prevailing at the end of the Accounting Year. The net gain /loss arising from such transaction, is charged to the relevant revenue heads in the Profit and Loss Account.
- (a) Hitherto pursuant to the adoption of accounting standard as prescribed by the Companies (Accounting Standards) Rules 2006 issued by Ministry of Corporate Affairs vide Notification No. G.S.R. 739 (E) dated 07.12.2006 and as required by Accounting Standard 11 (Revised 2003) " The effect of changes in Foreign Exchange Rates", the gain or loss due to fluctuations in exchange rates resulting in decrease / increase in foreign currency loan liability is charged to profit and loss account with effect from 1st April, 2007. Due to this change in method of accounting, the net profit for the previous period was lower by Rs. 50.76 Lakhs.
- (b) 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 as it relates to depreciable capital assets and in other cases by transfer to "Foreign Currency Monetary Items Translation Difference Account" to be amortized in subsequent period.

The company has debited Rs. 50.76 Lakhs to assets account by adjusting against reserve for exchange loss for the year 2007-2008 and added Rs. 47.76 Lakhs to assets for exchange loss during year 2008-2009 on foreign currency loans acquired for fixed assets by increasing loans outstanding as on 30.09.2009. The exchange loss of other loans in foreign currency of Rs.127.84 Lakhs was transferred to "Foreign Currency Monetary Items Translation Difference Account". Subsequent to amortization of Rs. 42.61 lakhs under the head Exchange Gain / Loss, the balance of Rs. 85.23 Lakhs in this account is shown under the head Current Assets and will be amortized before 31.03.2011.

- 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. Employment Benefits

(a) Short Term Employment Benefits:

All employee benefits paid / payable wholly within 12 months of rendering the service are classified as Short Term Employee Benefits. 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 & loss account.

(b) Defined Contribution Plans:

Company's Contributory Plans with Employee Provident Fund in accordance with EPF Act,1952 & ESIC Schemes in accordance with ESIC Act,1948 under Government Administered Schemes and for certain employees 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 and Loss Account.

SCHEDULE-12 (Contd.)

(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 for on accrual / paid basis

9. Lease Rentals

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

10. Contingent Liabilities

No provision is made for liabilities, which are contingent in nature but if material, the same are disclosed by way of notes to the accounts.

11. Research and Development

Revenue expenditure on Research and Development is charged out in the 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 benefits 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 considering the timing differences, which arise during the year & reversed in subsequent periods. The deferred tax charge or credit is recognized using current tax rates by charging to Profit & Loss Account.
- (b) Current Taxes are provided under MAT based on taxable income as per the provisions of Income Tax Act, 1961. Simultaneously MAT Credit entitlement has been taken in to account.
- (c) Provision for fringe benefit tax (FBT) for the period October 08 to March 09 is computed 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

The company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash-generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

B. NOTES:-

1. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 858.50 Lakhs (Previous period Rs. 1,003.07 Lakhs) against which an advance of Rs. Nil Lakhs (Previous period Rs. 10.82 Lakhs) has been paid.
2. The Company has given counter-guarantees for Rs. 738.59 Lakhs (Previous period Rs.1,004.56 Lakhs) to Banks in respect of guarantees given by the Banks to third parties for purchase of equipments, supply of goods, clearance of goods from Customs, Excise Bonds, etc.
3. Letters of Credit opened on behalf of the Company by Banks for purchase of materials and equipments amount to Rs. 13,577.63 Lakhs. (Previous period Rs.13,815.28 Lakhs)
4. Bills of Exchange discounted under Bill Marketing Scheme amount to Rs. 2,725.29 Lakhs (Previous period Rs. 3,408.16 Lakhs)
5. Secured Loans:
 - (i) 12.50% Secured Redeemable Non Convertible Debentures (NCD) aggregating Rs. 10,856.38 Lakhs were redeemable at par in 28 quarterly installments commencing from 1st April, 2003. The said NCDs were redeemed in full as on 30.9.2009 including Rs. 202.50 Lakhs redeemed during the year. (Previous period Rs. 6,416.94 Lakhs)
 - (ii) Zero Coupon Bonds of Rs. 195.00 Lakhs are repayable in quarterly installments with premium of Rs. 165.75 till 1st January, 2012.
 - (iii) Amount of Term Loans / Zero Coupon Bonds repayable within one year is Rs. 1,947.60 Lakhs. (Previous period Rs. 4,848.17 Lakhs)
6. Contingent liability not provided for:

	2008-09 (12 Months) (Rs. in Lakhs)	2007-08 (18 Months) (Rs. in Lakhs)
(a) Disputed matters in appeal / contested in respect of:		
Income Tax	43.22	13.61
Excise Duty	39.02	39.02
Sales Tax	17.13	17.13
(b) Claims against the company not acknowledged as debts	0.00	0.00

7. Legal and Professional Charges include Rs. 7.90 Lakhs (Previous period Rs. 5.15 Lakhs) paid to some of the Partners of the Auditors for other services & Rs. 0.25 Lakhs paid to a firm in which one of the Director is a partner. (Previous period Rs. 4.59 Lakhs)

SCHEDULE-12 (Contd.)

8. Break up of Interest and financial charges are:

	2008-09 (12 Months) (Rs. in Lakhs)	2007-08 (18 Months) (Rs. in Lakhs)
On Secured Term Loans / Debentures (Net)	2,041.37	2,592.43
Other Interest (Net)	2,569.46	4,334.00
Financial Charges	686.56	898.53
TOTAL	5,297.39	7,824.96

9. Export Benefits / Incentives are accounted on accrual basis. Accordingly, net estimated benefit aggregating to Rs. 752.27 Lakhs (Previous period Rs.1,746.51 Lakhs) against export effected during the year has been credited to Export Benefits earned account which has been included in sales.

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

	2008-09 (12 Months) (Rs. in Lakhs)	2007-08 (18 Months) (Rs. in Lakhs)
Profit before prior period adjustment & extra ordinary item	2,297.82	2,263.99
(i) Remuneration to Directors@ (i)	419.95	628.34
(ii) Directors sitting fees	1.15	2.00
(iii) Provision for doubtful debts.	0.00	3.70
Total	2,718.92	2,898.03
<i>Less:</i>		
(i) Profit on sale of Fixed Assets (Net)	2.39	4.16
(ii) Provision for doubtful debts & sundry credit balance written back	3.56	41.84
(iii) Extra ordinary item	0.00	616.00
Net Profit as per Sec. 349 of the Companies Act, 1956	2,712.97	2,236.03
@ (ii) Remuneration including commission @10% on Rs. 2,712.97 Lakhs (Previous period Rs. 2,236.03 Lakhs)	271.30	223.60

@(i) The remuneration of Rs. 396.85 Lakhs, (Previous period Rs. 591.87 Lakhs) paid to the Managing Director and Joint Managing Director are as per Central Government sanctions.

@(ii) In view of above, no provision for commission is made.

11. 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.

	2008-09 12 Months (Rs. in Lakhs)			2007-08 18 Months (Rs. in Lakhs)		
	Within India	Outside India	Total	Within India	Outside India	Total
Sales	38,691.04	20,045.89	58,736.93	47,911.63	44,736.92	92,648.55
Amount of Segment Assets by location of assets. (Net Value)	21,427.53	—	21,427.53	23,450.91	—	23,450.91

SCHEDULE-12 (Contd.)

12. Related Party Disclosures.

- (a) List of Related Parties
- Subsidiaries : Garware Polyester International Limited
- Ultimate Subsidiary : Global Pet Films, Inc.
- Associate Companies : Garware Industries Limited & Garware Chemicals Limited
- Key Management Personnel : (1) Shri S. B. Garware
(2) Mrs. Monika Garware Modi
(3) Ms. Sarita Garware
(4) Ms. Sonia S. Garware

(b) Transaction with Related Parties	2008-09 12 Months (Rs. in Lakhs)*	2007-08 18 Months (Rs. in Lakhs)*
(i) Sale of Goods / Capital Item		
(a) Subsidiary	735.34	1,989.39
(b) Ultimate Subsidiary	2,252.33	5,800.32
(c) Associate Companies	6,455.04	489.86
(ii) Purchase of Materials and Capital items:		
Associate Companies	5.39	8.35
(iii) Services Received / Processing Charges :		
(a) Ultimate Subsidiary	0.00	59.64
(b) Associate Companies	1,335.01	2,388.32
(iv) Services Rendered:		
Associate Companies	212.21	762.08
(v) Balances [Dr. / (Cr.)]		
(a) Subsidiary	(137.24)	(2.38)
(b) Ultimate Subsidiary	31.99	121.79
(c) Associate Companies	6,743.11	6,010.42
(vi) Key Management Personnel & Relatives Managerial Remuneration (refer Schedule 11)		

* Figures are on gross basis (including taxes and duties)

13. Earnings Per Share

	2008-09 12 Months (Rs. in Lakhs)	2007-08 18 Months (Rs. in Lakhs)
Profit for the year / period	2,297.82	2,263.99
Less: Deferred Tax	1,193.75	430.60
Less: Current Income Tax	0.00	173.74
Less: Fringe Benefit Tax	35.80	94.00
Less: Wealth Tax	4.91	9.13
Less: Extra ordinary item	0.00	616.00
Profit attributable to equity shareholders	1,063.36	940.52
Weighted average number of Equity Share of Rs. 10/- each full paid	2,30,27,053	2,24,64,100
Earnings per share (Rupees) before extra ordinary item (Not Annualised for previous period)	4.62	6.93
Earnings per share (Rupees) after extra ordinary item. (Not Annualised for previous period)	4.62	4.19

14. Deferred Tax:

- (a) Deferred Tax Liability of Rs. 1,193.75 Lakhs is provided in the current year, (Previous period Rs. 430.60 Lakhs) as per requirement of Accounting Standard 22 "Accounting for Taxes on Income".
- (b) Major components of deferred tax arising as at 30th September, 2009 are given here below.

Deferred Tax Assets / (Liability)	2008-09 12 Months (Rs. in Lakhs)	2007-08 18 Months (Rs. in Lakhs)
Disallowance U/s 43B of the Income Tax Act, 1961	112.14	356.18
Unabsorbed Business Losses, Depreciation & Capital Losses	3,413.09	4,643.21
Others	91.67	279.63
Deferred Tax Asset	3,616.90	5,279.02
Less: Deferred Tax Liability:		
Excess of Net Block over WDV as per the provisions of the Income Tax Act, 1961	5,061.14	5,529.51
Deferred Tax Asset / (Liability) (Net)	(1,444.24)	(250.49)

SCHEDULE-12 (Contd.)

15. Disclosure as per AS-15 (Revised) on "Employee Benefit" for the year ended 30th September, 2009.

A. Funded retirement benefit-Gratuity

	2008-09 (12 Months) Rs. in Lakhs	2007-08 (18 Months) Rs. in Lakhs
Change in the defined benefit obligations		
Defined benefit obligations at beginning of the year / period	865.37	759.01
Service cost	82.43	95.55
Interest cost	99.60	85.40
Actuarial Loss / (Gain)	282.37	32.24
Benefits paid	(33.88)	(106.82)
Defined benefit obligations at end of the year / period (a)	1295.89	865.37
Change in plan assets		
Fair value of plan assets at beginning of the year / period	809.00	406.08
Expected return on plan assets	94.46	72.84
Contributions by employer	206.85	436.90
Actuarial Gain / (Loss)	150.13	0.00
Benefits paid	(33.88)	(106.82)
Fair value of plan assets at end of the year / period (b)	1226.56	809.00
Present Value of obligations (a-b)	69.33	56.37
The Net amount recognized in statements of Profit & Loss at year / period ended is as follows:		
Current service cost	82.43	95.55
Interest cost	99.60	85.40
Expected return on plan assets	(94.46)	(72.84)
Net Actuarial Loss / (Gain) recognized	282.37	32.24
Net amount recognized	369.94	140.34
Actual Return on Plan Assets	0.00	0.00
The principal actuarial assumptions used as at end of the year / period are as follows:		
Discount Rate	7.80%	8.00%
Expected rate of return on plan assets	Up to	1% to 3% depending on age
Withdrawal rate	Age 35 : 5%	
	36-50: 2%	
	51 & above : 1%	
Rate of increase in compensation levels	5.00%	5.00%

15. B. Un-funded retirement benefit - Leave Encashment

	2008-09 (12 Months) Rs. in Lakhs	2007-08 (18 Months) Rs. in Lakhs
Change in the defined benefit obligations		
Defined benefit obligations at beginning of the year / period	779.26	711.60
Service cost	40.79	43.04
Interest cost	62.11	83.26
Actuarial Loss / (Gain)	(30.35)	(23.22)
Benefits paid	(5.79)	(35.42)
Defined benefit obligations at end of the year / period (a)	846.02	779.26
Change in plan assets		
Fair value of plan assets at beginning of the year / period	0.00	0.00
Expected return on plan assets	0.00	0.00
Contributions by employer	5.79	35.42
Actuarial Gain / (Loss)	0.00	0.00
Benefits paid	(5.79)	(35.42)
Fair value of plan assets at end of the year / period (b)	0.00	0.00
Present Value of obligations (a-b)	846.02	779.26
The Net amount recognized in statements of Profit & Loss at year / period ended is as follows:		
Current service cost	40.79	43.04
Interest cost	62.11	83.26
Expected return on plan assets	0.00	0.00
Net Actuarial Loss / (Gain) recognized	(30.35)	(23.22)
Net amount recognized	72.55	103.08
Actual Return on Plan Assets	0.00	0.00
The principal actuarial assumptions used as at end of the year / period are as follows:		
Discount Rate	7.80%	8.00%
Expected rate of return on plan assets	Up to	Up to
Withdrawal rate	Age 35 : 5%	Age 35 : 5%
	36-50: 2%	36-50 : 2%
	51 & above : 1%	51 & above : 1%
Rate of increase in compensation levels	7.00%	7.00%

SCHEDULE-12 (Contd.)

16. (a) Sundry Creditors in Schedule 7 to the accounts include Rs. 97.30 Lakhs (Previous period Rs. 110.37 Lakhs) payable to small scale industrial undertakings and Rs. 1,539.10 Lakhs (Previous period Rs. 1,743.03 Lakhs) payable to other creditors. The same is disclosed on the basis of information available with the Company regarding the status of suppliers as detailed under clause (i) of section 3 of the Industries (Development and Regulation) Act, 1951.

The names of the small-scale industrial undertakings to whom, the Company owes sums outstanding for more than 30 days as on 30th September 2009 are as under:

M/s. Able Moulders	M/s. Mansi Paper Products Pvt. Ltd.	M/s. Smithshilp Plastic Industries Pvt. Ltd.
M/s. Aditya Packaging	M/s. Novel Packaging	M/s. Suresh Polymers Pvt. Ltd.
M/s. Abhishek Enterprises	M/s. Patidar Wooden Works	M/s. Venkatesh Industries
M/s. Ellora Gases Pvt. Ltd.	M/s. P.C. Wood Industries	
M/s. Maharashtra Saw Mill	M/s. Rahul Industrial Engineering	

- (b) There is no obligation for payment of interest on overdue amounts, if any, as per the terms of supplies. Thus, the question of providing interest does not arise.
- (c) The company has not received any intimation from suppliers regarding their status under the micro, small and medium enterprises development Act, 2006 and hence disclosures, if any, relating to amount unpaid as at the year end together with interest paid / payable as required under the said Act have not been given.
17. In accordance with Accounting Standard 28 (AS 28) issued by the Institute of Chartered Accountants of India on Impairment of Assets, the company has 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 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.
18. 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.
19. 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	2008-09		2007-08	
	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	104,400	104,400	104,400	104,400

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

Class of Goods:	2008-09 12 Months		2007-08 18 Months	
	Qty. (MT)	Value (Rs. in Lakhs)	Qty. (MT)	Value (Rs. in Lakhs)
(i) Polyester films (Plain /Lacquered / Laminated / Stabilised / Coloured & Metallised)	43,250	58,622	58,933	92,580
(ii) Others (Including chips)		114		69

(C) Actual Production & Stocks

Class of Goods	Unit	2008-09 12 Months			2007-08 18 Months		
		Op. Stock	Production	Cl. Stock	Op. Stock	Production	Cl. Stock
(i) Polyester films (Plain / Lacquered / OHP / Laminated / Stabilised / Coloured & Metallised)	MT Rs. in Lakhs	666.88 1,072.41	42,988.36	405.37 577.87	688.23 935.72	58,911.20	666.88 1,072.41
(ii) Chips (excluding conversion)		NA	Produced for captive use in the manufacture of films		NA	Produced for captive use in the manufacture of films	
(iii) Others	Rs. in Lakhs	52.15		2.26	59.02		52.15

(D) Consumption of Raw Materials:

	2008-09 12 Months		2007-08 18 Months	
	Qty. (MT)	Value (Rs. in Lakhs)	Qty. (MT)	Value (Rs. in Lakhs)
(i) DMT	8	5.25	347	180.40
(ii) PTA	35,141	14,343.62	51,757	21,906.88
(iii) MEG	14,538	4,621.45	21,657	10,847.83
(iv) Others		6,062.88		9,294.59
Total*		25,033.20		42,229.70

* After adjusting sale of raw material amounting to Rs. 54.10 Lakhs (Previous period Rs. 88.23 Lakhs).

SCHEDULE-12 (Contd.)

(E) Details of imports on CIF basis:

	2008-09 12 Months (Rs. in Lakhs)	2007-08 18 Months (Rs. in Lakhs)
(i) Raw Materials	1,641.85	3,838.23
(ii) Packing Materials	78.11	149.50
(iii) Components & Spares	223.12	477.10
(iv) Capital Goods	260.88	129.55

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

	2008-09 12 Months		2007-08 18 Months	
	Value (Rs. in Lakhs)	% of Total	Value (Rs. in Lakhs)	% of Total
(i) Raw Materials:				
- Imported	2,042.66	8	4,059.32	10
- Indigenous	22,990.54	92	38,170.38	90
Total	25,033.20	100	42,229.70	100
(ii) Stores & Spares:				
- Imported	201.96	29	363.41	27
- Indigenous	500.96	71	976.63	73
Total	702.92	100	1,340.04	100

(G) Remittances / Expenditure in Foreign Currency:

	2008-09 12 Months (Rs. in Lakhs)	2007-08 18 Months (Rs. in Lakhs)
(i) Commission	62.84	127.13
(ii) Advertisement / Selling Expenses	148.11	252.11
(iii) Traveling Expenses	161.34	181.84
(iv) Books, Periodicals & Subscription	11.40	14.20
(v) Technical / Engg. Services / Professional Charges	142.53	262.37
(vi) Exhibition Expenses	3.13	9.24
(vii) Interest	379.78	869.26
(viii) Recruitment Expenses	0.00	0.21
(ix) Others	0.00	2.19

(H) Earnings in Foreign Exchange:

	2008-09 12 Months (Rs. in Lakhs)	2007-08 18 Months (Rs. in Lakhs)
Exports (FOB basis)	19,163.15	41,971.54

20. Previous period's 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 a eighteen months period.

As per our report of even date
For SHAH & CO.
Chartered Accountants

S. B. GARWARE
Chairman &
Managing Director

For and on behalf of the Board of Directors
M. S. ADSUL
Director-Technical

B. MORADIAN
Director

INDULAL H. SHAH
Partner

MANOJ KOUL
Company Secretary &
General Manager

K. N. MOGHE
Chief Financial Officer

Mumbai, 12th November, 2009

Mumbai, 12th November, 2009

ANNUAL REPORT 2008-2009

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.	10889	State Code	11
Balance Sheet Date	30.09.2009		

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

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	2000

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

Total Liabilities	5885416	Total Assets	5885416
Sources of Funds			
Paid-up Capital	774583	Reserves & Surplus	1747559
Secured Loans	3209525	Unsecured Loan	9325
Deferred Tax Liability	144424		

Application of Funds

Net Fixed Assets	3915667	Investments	381002
Net Current Assets	1587272	Misc. Expenditure	1475

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

Turnover	8997691	Total Expenditure	8767909
Profit before tax	229782	Profit after tax	106336
Net Profit	106336		

+	-
✓	

+	-
✓	

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

Earnings per share *	4.62	Dividend rate %	10%
----------------------	------	-----------------	-----

V. Generic Names of Three Principal Products/Services of Company (as per monetary term)

Item Code No.	39206909	39206903	39206904
Product Description	POLYESTER FILM	PACKAGING POLYESTER FILM	SUN CONTROL FILM

* Refer Note No. 13 in Schedule 12 B

CASH FLOW STATEMENT FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Year ended 30.09.2009 12 Months (Rs. in Lakhs)	Period ended 30.09.2008 18 Months (Rs. in Lakhs)
A. Cash flow from operating activities:		
Net Profit before tax and Extra Ordinary items	2,297.82	2,263.99
<i>Add:</i> Depreciation	3,247.09	4,910.29
Interest expenses - Net	5,297.39	7,824.96
Loss on Exchange Rate Fluctuations	240.01	46.70
Foreign Currency Monetary Items Translation Difference	50.76	0.00
Provision for Leave Encashment	79.72	124.03
Sub Total	<u>8,914.97</u>	<u>12,905.98</u>
Total	<u>11,212.79</u>	<u>15,169.97</u>
<i>Less:</i> Interest income	85.34	21.67
Profit on sale of fixed assets	2.39	4.16
Dividend received / Income from Investment	11.99	11.72
Extra Ordinary Items	0.00	616.00
Sundry balances Written Back (Net)	3.56	27.84
Rent	4.20	6.30
Sub total	<u>107.48</u>	<u>687.69</u>
Operating profit before working capital changes	<u>11,105.31</u>	<u>14,482.28</u>
Adjustments For :		
(Increase) / Decrease in trade / other receivable (Net)	1,605.92	1,777.24
(Increase) / Decrease in inventories	2,100.76	(533.21)
Increase / (Decrease) in trade / other payables	(440.95)	325.37
Cash generated from operations	<u>14,371.04</u>	<u>16,051.68</u>
Direct taxes refund / (paid) (Net)	(245.75)	(309.00)
Net cash inflow / (outflow) from operations	<u>14,125.29</u>	<u>15,742.68</u>
B. Cash flow from investing activities :		
Purchase of fixed assets (Including Rs. 50.76 Lakhs of Foreign Currency Monetary Items Translation Difference)	(835.96)	(918.92)
Purchases of Investments	0.00	(30.00)
Sale of fixed assets	6.55	42.20
Interest received	85.34	21.67
Loss on Exchange Rate Fluctuations	(240.01)	(46.70)
Dividend received / Income from Investment	11.99	11.72
Rent	4.20	6.30
Net cash inflow / (outflow) from investing activities.	<u>(967.89)</u>	<u>(913.73)</u>
C. Cash flow from financing activities		
Issue of equity shares including share premium	65.34	600.00
Issue of 0.01% Cumulative Redeemable Preference Shares	0.00	5,446.00
Interest / Financial Charges	(5,318.54)	(8,226.26)
Repayment of borrowings - secured	(5,582.36)	(11,231.66)
Repayments of borrowings-Unsecured	(412.43)	(478.08)
Cash credit accounts	(1,650.45)	(565.10)
Dividend paid (Unclaimed)	0.00	(0.05)
Miscellaneous Expenditure (To the extent not Written off)	17.83	(32.58)
Net cash inflow / (outflow) from financing activities	<u>(12,880.61)</u>	<u>(14,487.73)</u>
Net increase / (decrease) in cash and cash equivalents	<u>276.79</u>	<u>341.22</u>
Cash and cash equivalents as at opening		
Cash and bank balances	675.50	334.28
Cash and cash equivalents as at closing		
Cash and bank balances	<u>952.29</u>	<u>675.50</u>
	<u>276.79</u>	<u>341.22</u>

For and on behalf of the Board of Directors

As per our report of even date
For SHAH & CO.
Chartered Accountants

S. B. GARWARE
Chairman &
Managing Director

M. S. ADSUL
Director-Technical

B. MORADIAN
Director

INDULAL H. SHAH
Partner

MANOJ KOUL
Company Secretary &
General Manager

K. N. MOGHE
Chief Financial Officer

Mumbai, 12th November, 2009

Mumbai, 12th November, 2009

**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, 2009	31st March, 2009
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 31.03.2009.		
	(i) For the Subsidiaries' Financial Year ended on the respective dates	(in Pound) 23314	N.A.
	(ii) For the previous Financial Years of the Subsidiaries since they became the Holding Company's Subsidiaries	(in Pound) (230749)	N.A.
	(b) Dealt with in the accounts of Garware Polyester Limited, for the year ended 31.03.2009 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 31.03.2009	NIL	NIL
F)	Material changes between the end of the Subsidiary's Financial Year and 31.03.2009	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

M. S. ADSUL
Director - Technical

B. MORADIAN
Director

MANOJ KOUL
Company Secretary &
General Manager

K. N. MOGHE
Chief Financial Officer

Mumbai, 12th November, 2009

**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 30th September, 2009, 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 statements. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of Garware Polyester International Limited and Global Pet Films Inc. These financial statements have been audited by other auditors whose reports have been furnished to us for the twelve months period ended 31st March, 2009 and our opinion in so far as it relates to the amounts included in respect of subsidiaries is based solely on the reports of the other auditors and unaudited accounts for the period ended 30th September, 2009.

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 unaudited Financial statements of 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 report on individual audited financial statements of Garware Polyester Limited and other financial information of the components and accounts for the period of 12 months of its subsidiaries the said accounts 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 30th September, 2009 ;
- 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

(INDULAL H. SHAH)
Partner
Membership No : 798

Mumbai, 12th November, 2009

ANNUAL REPORT 2008-2009

CONSOLIDATED BALANCE SHEET AS AT 30TH SEPTEMBER, 2009

	Schedule		As at 30.09.2009 (Rs. in Lakhs)	As at 30.09.2008 (Rs. in Lakhs)
FUNDS EMPLOYED :				
SHAREHOLDERS' FUNDS				
Share Capital	1	7,745.83	7,725.83	
Reserves & Surplus	2	<u>17,153.86</u>	<u>16,235.95</u>	
			24,899.69	23,961.78
LOAN FUNDS				
Secured Loans	3A	32,501.41	40,747.05	
Unsecured Loans	3B	<u>93.25</u>	<u>505.68</u>	
			32,594.66	41,252.73
Deferred Tax liability			<u>1,444.24</u>	250.49
TOTAL			<u>58,938.59</u>	<u>65,465.00</u>
APPLICATION OF FUNDS :				
FIXED ASSETS				
Gross Block	4	86,136.93	85,228.46	
Less: Depreciation		<u>47,193.51</u>	<u>43,956.79</u>	
Net Block		38,943.42	41,271.67	
Capital Work in Progress		<u>222.22</u>	<u>312.93</u>	
			39,165.64	41,584.60
INVESTMENTS	5		3,676.45	3,676.45
CURRENT ASSETS, LOANS AND ADVANCES				
Inventories	6	6,038.67	8,627.28	
Sundry Debtors		8,935.44	11,081.88	
Cash and Bank Balances		1,582.20	1,164.93	
Other Current Assets		2,188.84	2,258.91	
Loans and Advances		<u>2,926.06</u>	<u>2,590.69</u>	
		21,671.21	25,723.69	
<i>Less : CURRENT LIABILITIES AND PROVISIONS</i>	7			
Current Liabilities		2,699.52	3,494.20	
Provisions		<u>2,889.94</u>	<u>2,058.12</u>	
		5,589.46	5,552.32	
Net Current Assets			16,081.75	20,171.37
Miscellaneous Expenditure (To the extent not written off)				
Share Issue Expenses			<u>14.75</u>	32.58
TOTAL			<u>58,938.59</u>	<u>65,465.00</u>

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

For and on behalf of the Board of Directors

As per our report of even date
For SHAH & CO.
Chartered Accountants

S. B. GARWARE
Chairman &
Managing Director

M. S. ADSUL
Director-Technical

B. MORADIAN
Director

INDULAL H. SHAH
Partner

MANOJ KOUL
Company Secretary &
General Manager

K. N. MOGHE
Chief Financial Officer

Mumbai, 12th November, 2009

Mumbai, 12th November, 2009

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER, 2009

	Schedule	2008-2009 (12 Months) (Rs. in Lakhs)	2007-2008 (18 Months) (Rs. in Lakhs)
INCOME :			
Sales including Excise duty		59,727.46	96,845.88
Inter-Divisional Transfers (as per contra)		32,644.18	58,053.95
Gross Sales		92,371.64	1,54,899.83
Less: Excise duty		3,354.03	6,446.25
Net Sales		89,017.61	1,48,453.58
Other Income	8	269.77	210.90
Increase / (Decrease) in Finished and Semi-finished Goods	9	(2,092.04)	(214.87)
		87,195.34	1,48,449.61
EXPENDITURE :			
Raw Materials consumed	10	24,903.28	44,838.53
Inter-Divisional Transfers (as per contra)		32,644.18	58,053.95
Manufacturing & other expenses	11	18,686.68	30,404.41
Interest & Financial charges (Refer Note No. 10 in Schedule 12B)		5,339.37	7,912.20
		81,573.51	1,41,209.09
Profit before Depreciation and Tax		5,621.83	7,240.52
Depreciation		3,251.49	4,914.98
Profit before Tax		2,370.34	2,325.54
Less : Provision for Taxation			
Deferred Tax		1,193.75	430.60
Current Tax		459.86	209.19
Less: MAT Credit Entitlement		(467.77)	0.00
Fringe Benefit Tax		35.80	94.00
Wealth Tax		4.91	9.13
Profit after Tax		1,143.79	1,582.62
Less : Extra Ordinary Items		0.00	616.00
Net Profit		1,143.79	966.62
Add : Balance brought forward from previous year		6,248.79	5,282.17
Profit available for appropriations		7,392.58	6,248.79
APPROPRIATIONS :			
Dividend on Redeemable Preference Shares		1.02	0.00
Proposed Dividend on Equity Shares		230.60	0.00
Tax on Dividend		39.36	0.00
		270.98	0.00
Balance carried to Balance Sheet		7,121.60	6,248.79
Earnings per Share {(Basic / Diluted) (Rupees) (face value of Rs. 10/- each)} Before Extra Ordinary Items (Not Annualised for Previous period)		4.97	7.05
Earnings per Share {(Basic / Diluted) (Rupees) (face value of Rs. 10/- each)} After Extra Ordinary Items (Not Annualised for previous period) (Refer Note No. 14 in Schedule 12B)		4.97	4.30

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

For and on behalf of the Board of Directors

As per our report of even date
For SHAH & CO.
Chartered Accountants

S. B. GARWARE
Chairman &
Managing Director

M. S. ADSUL
Director-Technical

B. MORADIAN
Director

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MANOJ KOUL
Company Secretary &
General Manager

K. N. MOGHE
Chief Financial Officer

Mumbai, 12th November, 2009

Mumbai, 12th November, 2009

ANNUAL REPORT 2008-2009

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

	As at 30.09.2009 (Rs. in Lakhs)		As at 30.09.2008 (Rs. in Lakhs)
SCHEDULE-1			
SHARE CAPITAL			
Authorised:			
4,00,00,000 Equity Shares of Rs. 10/- each (Previous period 4,00,00,000)	4,000.00		4,000.00
60,00,000 Preference Shares of Rs. 100/- each (Previous period 60,00,000) (Refer Note-A below)	6,000.00		6,000.00
	<u>10,000.00</u>		<u>10,000.00</u>
Issued,Subscribed and Paid-up:			
2,28,60,386 Equity Shares of Rs. 10/- each fully paid-up (Previous period 2,18,41,364)	2,286.04	2,184.14	
2,00,000 Equity Shares of Rs. 10/- each issued during the year(Previous period 10,19,022) (Refer Note A (i) & (ii) below)	20.00	101.90	
	<u>2,306.04</u>	<u>2,286.04</u>	
Less : Unpaid Allotment Call money (from others)	6.21	6.21	
	2,299.83		2,279.83
54,46,000 0.01% Cumulative Redeemable Preference Shares of Rs. 100/- each (Prevoius period 54,46,000) Refer note A (iii) below	5,446.00		5,446.00
TOTAL	<u>7,745.83</u>		<u>7,725.83</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)

Note : (A)

Pursuant to the Shareholders resolution passed in the Extra Ordinary General Meeting held on 7.11.2007 and 19.06.2008, the Company has increased its Authorised ShareCapital from Rs. 2,500/- Lakhs to Rs.10,000/- Lakhs out of which the company has issued and allotted Equity and Preference shares to Industrial Development Bank of India Limited (IDBI) and Equity Share to UTI as per settlements without payment being received in cash as follows.

- (i) 10,19,022 Equity shares of Rs.10 each at a Premium of Rs.48.88 per share issued to IDBI in previous period.
- (ii) 2,00,000 Equity shares of Rs.10/- each at a Premium of Rs.22.67 per share issued to Unit Trust of India (UTI) against their outstanding loans to various scheme operating under UTI-Mutual Fund (UTI-MF), and Specified undertaking Unit Trust of India (SU-UTI) of UTI Assets Management Company Limited as per share holders resolution passed at the Annual General Meeting held on 23.12.2008.
- (iii) 54,46,000 0.01% Cumulative Redeemable Preference Shares of Rs. 100/- each. Issued to IDBI in previous period. 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 instalment on 1st April, 2016.

SCHEDULE-2

RESERVES AND SURPLUS

Share Premium :

Balance as per last Balance Sheet **546.80**

Add : Premium on Equity Share issued to Unit Trust of India (UTI) under its various schemes.

(Refer note No A (i) & (ii) in Schedule 1) **45.34**

592.14

48.70

498.10

546.80

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

General Reserve :

Balance as per last Balance Sheet

3,313.24

4,024.84

Add : Loss on exchange rate fluctuation on foreign currency loans for the F Y 2007-08 transfer to fixed Assets A/c.

50.76

0.00

(Ref Note No 5 in schedule 12A)

Less : Provision for Leave encashment as of 01.04.2007

0.00

711.60

3,364.00

3,313.24

Foreign Currency Translation Reserve

Balance as per last Balance Sheet

186.58

185.86

Addition / (deduction) during the period

(51.00)

0.72

135.58

186.58

Profit & Loss Account

7,121.60

6,248.79

TOTAL

17,153.86

16,235.95

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

		As at 30.09.2009 (Rs. in Lakhs)	As at 30.09.2008 (Rs. in Lakhs)
SCHEDULE-3			
A SECURED LOANS	Notes		
I. Debentures / Bonds			
(i) 12.50% Non Convertible / Privately Placed Debentures		202.50	6,619.44
Less : Redeemed during the year		<u>202.50</u>	<u>6,416.94</u>
		0.00	202.50
(ii) Zero Coupon Bonds	A	785.84	3,253.16
Less : Redeemed during the year		<u>590.84</u>	<u>2,467.32</u>
		195.00	785.84
(iii) Interest accrued and due		<u>0.00</u>	<u>21.15</u>
		195.00	1,009.49
II. From Banks			
Cash / Packing Credit Accounts	B	3,675.79	3,426.89
Working Capital Demand Loan		<u>13,024.75</u>	<u>15,915.78</u>
		16,700.54	19,342.67
III. Term Loans			
(i) Financial Institutions	C	1,244.83	3,700.87
(ii) Banks (Rs)	D	1,843.00	13,886.41
(iii) Banks (Foreign currency)	D	12,334.43	1,900.32
(iv) Vehicle Finance	E	<u>89.75</u>	<u>37.36</u>
		15,512.01	19,524.96
IV. Deferred Interest	F	<u>93.86</u>	<u>869.93</u>
TOTAL		<u>32,501.41</u>	<u>40,747.05</u>
(Refer Note No 7 in Schedule 12B)			

Notes :

- (A) Zero Coupon Bonds of Rs. 100/- each aggregating to Rs. 195.00 Lakhs (Previous Period Rs. 785.84 Lakhs) are secured by a mortgage on Company's immovable property situated at Vile Parle, Mumbai.
- (B) Cash / Packing Credit / Working Capital Demand Loan 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) The total Term Loans from Financial Institutions aggregating to Rs. 1,244.83 Lakhs (Previous Period Rs. 3,700.87 Lakhs) are secured as under:
- (1) An amount of Rs. 121.45 Lakhs (Previous Period Rs. 592.86 Lakhs) is secured by:
 - (a) A mortgage ranking pari passu with mortgage created / to be created on Company's immovable properties situated at Aurangabad & Nasik in favour of EXIM Bank for their Term Loan.
 - (b) Hypothecation charge ranking pari passu with charges created / to be created in favour of EXIM Bank for their Term Loan of all the movable properties of the Company including movable Plant & Machinery, Spares, Tools & Accessories, present and future (save and except Book Debts) at Nasik and Aurangabad, subject to prior charge created and/or to be created in favour of the Company's bankers on:
 - (i) Specified movables for securing borrowings for the Company's Working Capital Requirements and,
 - (ii) Specified assets charged to the Company's bankers as security for Term Loans.
 - (2) An amount of Rs. 275.90 Lakhs (Previous Period Rs. 1,346.82 Lakhs) is secured by a second charge by way of hypothecation of the company's movable fixed assets and mortgage of company's immovable properties situated at Aurangabad and Nasik subject to prior charges created and / or to be created in favour of Financial Institutions / Banks.
 - (3) EXIM Bank Working Capital loan of Rs. 847.48 Lakhs (Previous Period Rs. 1,761.19 Lakhs) is secured by Hypothecation of stores, spares & packing materials & stock in-trade and book debts of the Company and further secured by a second charge on the movable assets of the Company and immovable properties situated at Aurangabad, Nasik.
- (D) The total Term Loans of Rs. 14,177.43 Lakhs (Previous Period Rs. 15,786.73 Lakhs) from Banks are secured as under :
- (1) Term Loans of Rs. 11,671.67 Lakhs (Previous Period Rs. 11,082.00 Lakhs) are converted in to foreign currency loans during the year and secured by a mortgage on Company's immovable property situated at Vile Parle, Mumbai.
 - (2) Term Loans of Rs. 69.03 Lakhs out of Rs. 71.60 Lakhs (Previous Period Rs. 656.51 Lakhs out of Rs. 669.38 Lakhs) is a foreign currency loan. The said loans are secured by a mortgage on Company's immovable property situated at Vile Parle, Mumbai.
 - (3) Term Loan of Rs. 483.25 Lakhs out of Rs. 2,323.67 Lakhs (Previous Period Rs. 704.47 Lakhs out of Rs. 3,496.02 Lakhs) is a foreign currency loan. The said loans are secured by charge on the project assets and also by way of collateral of the Company's immovable property situated at Vile Parle, Mumbai.
 - (4) Term loan of Rs. 110.49 Lakhs (Previous Period Rs. 539.33 Lakhs) is a foreign currency loan. The same is secured by:
 - (a) A mortgage ranking pari passu with mortgage created on Company's immovable properties situated at Aurangabad and Nasik in favour of ICICI Bank Limited and EXIM Bank for their term loans.

ANNUAL REPORT 2008-2009

- (b) Hypothecation / charge ranking pari passu with charges created / to be created in favour of ICICI Bank Limited and EXIM Bank for their Term Loans of all the movable properties of the Company including movable Plant & Machinery, Spares, Tools and Accessories, present and future (save and except Book Debts) at Nasik and Aurangabad, subject to prior charge created and / or to be created in favour of the Company's bankers on:
- (i) Specified movables for securing borrowings for the Company's Working Capital Requirements and,
- (ii) Specified assets charged to the Company's bankers as security for Term Loans.
- (E) Vehicle Finance is secured by hypothecation of specific assets.
- (F) Funded interest outstanding as on 30th September, 2009 has been deferred on interest free basis and is secured by charge / mortgage on the same lines as referred to the loans above.

	As at 30.09.2009 (Rs. in Lakhs)	As at 30.09.2008 (Rs. in Lakhs)
B UNSECURED LOANS		
(i) Interest-free Sales Tax Loans, Interest-free Capital Incentive Loans and Sales Tax Deferral from SICOM for Aurangabad and Nasik Units (Amount repayable with in one year Rs. 64.43 Lakhs) (Previous period Rs. 112.93 Lakhs)	93.25	205.48
(ii) Short Term Loan from others (Amount repayable with in one year Rs. NIL Lakhs) (Previous period Rs. 300.20 Lakhs)	0.00	300.20
TOTAL	93.25	505.68

SCHEDULE-4

FIXED ASSETS

(Rs. in Lakhs)

Sr. No.	Description of Assets	GROSS BLOCK				DEPRE- CIATION	NET BLOCK	
		Cost/ Revaluation As at 01.10.2008	Additions during the year	Sales/ Transfer during the year	Cost/ Revaluation As at 30.09.2009	Up to 30.09.2009	As at 30.09.2009	As at 30.09.2008
1.	Land (Freehold)	11,576.62	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	1,867.50	0.00	1,867.50	1,867.50
3.	Buildings	7,743.90	104.25	0.00	7,848.15	4,918.82	2,929.33	3,123.81
4.	Plant & Machinery	56,001.11	681.76	0.00	56,682.87	35,254.93	21,427.94	23,451.32
5.	Electrical Installations	3,006.00	10.88	0.00	3,016.88	2,478.41	538.47	614.10
6.	Moulds	287.54	0.00	0.00	287.54	287.54	0.00	0.00
7.	Laboratory Equipments	350.38	0.32	0.00	350.70	212.81	137.89	159.85
8.	Furniture & Fixtures	532.21	0.85	0.00	533.06	460.22	72.84	100.44
9.	Office Equipments	508.75	19.16	0.00	527.91	383.32	144.59	137.09
10.	Vehicles	345.07	97.28	18.22	424.13	276.04	148.09	90.11
11.	Capital Expenditure On Research & Development	218.60	0.00	0.00	218.60	210.10	8.50	12.15
12.	Data Processing Equipments	1,202.56	12.89	0.70	1,214.75	1,138.71	76.04	112.79
13.	Expenditure On Tech. know-how/Product Development	1,430.76	0.00	0.00	1,430.76	1,415.15	15.61	25.89
14.	Copyrights	157.46	0.00	0.00	157.46	157.46	0.00	0.00
	Total	85,228.46	927.39	18.92	86,136.93	47,193.51	38,943.42	41,271.67
	Previous Period	84,245.06	1,081.59	98.19	85,228.46	43,956.79	41,271.67	
	Capital Work-in-Progress						222.22	312.93

NOTES :

- The Free hold land includes Rs. 4584.49 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 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 an amendment Rules 2009 on AS-11 Notified by Government of India on 31.03.2009, company has capitalised Rs. 98.52 Lakhs on account of exchange rate difference on foreign currency loans. (Refer Note No. 5 in Schedule 12A)

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

	As at 30.09.2009 (Rs. in Lakhs)		As at 30.09.2008 (Rs. in Lakhs)
SCHEDULE-5			
INVESTMENTS (AT COST)			
LONG TERM INVESTMENT			
A. In Government Securities (Unquoted) :			
1. 10 years 8.50% 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	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	0.00	0.00
3. 4,00,000 Equity Shares of Garware Wall Ropes Limited, of the face value of Rs.10/- each fully paid-up.	56.80	56.80	56.81
	<u>56.81</u>	<u>56.81</u>	<u>56.81</u>
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	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	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	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	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	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	1.00
7. 1,000 Equity Shares of Poornawadi Co-opBank Ltd. of the face value of Rs 100/- each fully paid-up.	1.00	1.00	1.00
8. (a) 2,97,76,820 Equity Shares of Garware Chemicals Ltd. of the face value of Rs.10/- each fully paid-up including four equity shares held by nominees.	2,277.19	2,277.19	2,277.19
(b) 5,60,000 Equity shares (Previous period 5,60,000) of Garware Chemicals Ltd. of the face value of Rs 10/-each fully paid up. Acquired as per agreement for purchases of shares with Industrial Development Bank of India Ltd.	30.00	30.00	30.00
9. 1,29,69,000 0.01% Optional Convertible Cumulative Redeemable Preference shares (Previous period 1,29,69,000 OCCRP shares) of Garware Chemicals Ltd., of the face value of Rs. 10/- each fully paid up.	1,296.90	1,296.90	1,296.90
	<u>3,619.64</u>	<u>3,619.64</u>	<u>3,619.64</u>
TOTAL	<u>3,676.45</u>	<u>3,676.45</u>	<u>3,676.45</u>
NOTE : Aggregate amount of company's investments.			
	Cost	Market value	Cost
Quoted	56.81	298.88	56.81
Unquoted	3,619.64	303.80	3,619.64
TOTAL	<u>3,676.45</u>	<u>3,676.45</u>	<u>3,676.45</u>

SCHEDULE-6

CURRENT ASSETS, LOANS & ADVANCES

A) CURRENT ASSETS:

I. Inventories :

(As taken, valued & certified by the Management)

(a) Stores, Spare parts & Packing materials (At Cost)

(b) Stock-in-trade

(i) Raw Materials (At cost)

(ii) Finished goods (At cost or market value whichever is lower)

(iii) Semi-finished goods (At cost)

(iv) Stock in Transit

2,257.82

1,015.74

701.13

1,824.16

239.82

2,385.98

1,384.15

1,753.99

2,883.94

219.22

6,038.67

8,627.28

ANNUAL REPORT 2008-2009

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

Schedule-6 (Contd.)	As at 30.09.2009 (Rs. in Lakhs)	As at 30.09.2008 (Rs. in Lakhs)
II. Sundry Debtors :		
(Unsecured, considered good, unless otherwise stated excluding Bills Receivable discounted) (Refer Note No. 6 in Schedule 12B)		
(a) Debts outstanding for a period exceeding six months.		
(i) Considered Good	2.36	2.31
(ii) Considered Doubtful	525.16	538.61
	<u>527.52</u>	<u>540.92</u>
Less : Provision for Doubtful Debts	525.16	538.61
	<u>2.36</u>	<u>2.31</u>
(b) Other Debts		
Including Rs. 6,743.11 Lakhs due from Associated Company (Previous period Rs. 6,010.42 Lakhs)	<u>8,933.08</u>	<u>11,079.57</u>
	8,935.44	11,081.88
III. Cash and Bank Balances :		
(a) Cash on hand	21.43	19.31
(b) Bank balances :		
With Scheduled Banks:		
In Current Accounts	1,363.26	981.44
In Margin Account	134.67	97.17
In Deposit Accounts	53.55	57.64
In Unclaimed Dividend Account	9.29	9.37
	<u>1,582.20</u>	<u>1,164.93</u>
IV. Other Current Assets:		
(a) Export benefits / Incentives receivable	427.34	840.79
(b) Other receivables	1,676.27	1,418.12
(c) Foreign Currency Monetary Items Translation Difference Account. (Exchange rate difference on foreign currency loan)	85.23	0.00
	<u>2,188.84</u>	<u>2,258.91</u>
B) LOANS & ADVANCES:		
(Unsecured, considered good, unless otherwise stated)		
(i) Advances recoverable in cash or in kind or for value to be received.	574.00	1,013.08
(ii) Advance against Capital Expenditure	0.00	10.82
(iii) Deposits with Customs & Excise authorities	226.82	151.10
(iv) Deposits with others	96.27	95.33
(v) MAT Credit Entitlement	467.77	0.00
(vi) Advance Payment of Income Tax / Fringe Benefit Tax and Tax Deducted at Source	<u>1,561.20</u>	<u>1,320.36</u>
	2,926.06	2,590.69
TOTAL	<u>21,671.21</u>	<u>25,723.69</u>
SCHEDULE-7		
CURRENT LIABILITIES AND PROVISIONS :		
A) Current Liabilities :		
(i) Sundry Creditors	1,606.97	2,060.07
(ii) Other Liabilities (Including Rs. 3.63 Lakhs due to Directors (Previous period Rs. 18.65 Lakhs)	764.57	930.54
(iii) Deposits and advances from customers & others	316.05	491.66
(iv) Unclaimed Dividend	9.79	9.79
(v) Unclaimed Debenture & Interest	2.14	2.14
	<u>2,699.52</u>	<u>3,494.20</u>
B) Provision		
(i) Provision for Taxation (MAT)	1,408.30	962.98
(ii) Provision for Fringe Benefit Tax (FBT)	295.31	259.51
(iii) Provision for Leave encashment / Gratuity	915.35	835.63
(iv) Provision for Dividend on Preference Shares	1.02	0.00
(v) Provision for Proposed Dividend on Equity Shares	230.60	0.00
(vi) Provision for Tax on Dividend	39.36	0.00
	<u>2,889.94</u>	<u>2,058.12</u>
TOTAL	<u>5,589.46</u>	<u>5,552.32</u>

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT

	2008-2009 (Rs. in Lakhs) (12 Months)	2007-2008 (Rs. in Lakhs) (18 Months)
SCHEDULE-8		
OTHER INCOME		
Insurance claims	27.55	7.93
Income from Investments (Gross)	12.31	20.42
Interest on short term deposits with banks and others (Gross)		
(Tax deducted at source Rs. 13.79 Lakhs, Previous period Rs. 4.84 Lakhs)	85.34	21.67
Miscellaneous income	37.60	95.47
Other income	55.66	1.16
Profit on sale of fixed assets (Net)	2.39	4.16
Provision for doubtful debts no longer required	13.78	14.80
Less : Bad Debts written off	0.00	<u>0.80</u>
Excess Provision / Sundry Credit Balances written back	3.56	27.84
Rent (Tax deducted at source Rs. 0.41 Lakh, Previous period Rs. 0.61 Lakh)	4.20	6.30
Sales Tax / Excise refund	27.38	11.95
TOTAL	<u>269.77</u>	<u>210.90</u>
SCHEDULE-9		
INCREASE/(DECREASE) IN FINISHED AND SEMI-FINISHED GOODS		
Opening Stock:		
Finished goods	1,973.21	2,014.63
Semi finished goods	<u>2,883.94</u>	<u>3,057.39</u>
	4,857.15	5,072.02
Closing Stock:		
Finished goods	940.95	1,973.21
Semi finished goods	<u>1,824.16</u>	<u>2,883.94</u>
	2,765.11	4,857.15
Increase / (Decrease)	<u>(2,092.04)</u>	<u>(214.87)</u>
SCHEDULE-10		
RAW MATERIALS CONSUMED		
Opening Stock	1,384.15	990.15
Add: Purchases and Expenses	<u>24,534.87</u>	<u>45,232.53</u>
	25,919.02	46,222.68
Less: Closing Stock	1,015.74	1,384.15
TOTAL	<u>24,903.28</u>	<u>44,838.53</u>
(Refer Note No 19 in Schedule 12B)		
SCHEDULE-11		
MANUFACTURING AND OTHER EXPENSES		
A. Manufacturing Expenses :		
Stores, Spares and Packing Materials Consumed (Net)	2,162.87	4,235.75
Power and Fuel	5,409.69	8,434.06
Processing Charges	1,343.13	2,427.22
Water Charges	<u>94.13</u>	<u>162.36</u>
	9,009.82	15,259.39
B. Employees' Remuneration & Benefits :		
Salaries, Wages and Bonus	2,694.94	3,816.15
Contribution to Provident and Other Funds	486.30	828.41
Staff Welfare Expenses	<u>227.09</u>	<u>340.97</u>
	3,408.33	4,985.53
C. Administrative, Selling and General Expenses :		
Rent, Hire charges and Compensation (Net)	88.86	107.66
Rates, Taxes and Licence Fees	29.92	74.29
Insurance (Net)	173.28	346.95
Freight and Forwarding (Net)	1,511.01	2,623.33
Research and Development Expenses	94.79	210.67
Repairs and Maintenance of :		
(i) Plant and Machinery	504.91	773.22
(ii) Buildings	179.87	321.81
(iii) Other Assets	<u>420.18</u>	<u>643.85</u>
	1,104.96	1,738.88

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

	2008-2009 (Rs. in Lakhs) (12 Months)	2007-2008 (Rs. in Lakhs) (18 Months)
SCHEDULE-11 (Contd.)		
Advertisement Expenses	125.98	366.44
Sales Tax / VAT	18.63	86.90
Travelling & Conveyance	463.48	770.64
Postage, Telegrams & Telephones	118.05	204.57
Lease Rentals	24.47	55.37
Commission on Sales	201.85	153.78
Donations	45.05	25.61
Legal and Professional Charges (Refer Note No.9 in Schedule 12 B)	620.92	1,118.06
Auditors' Remuneration		
(i) Audit fees	23.50	20.10
(ii) Tax Audit fees	4.00	6.00
(iii) For Certification / Others	2.63	5.15
(iv) Reimbursement of out of pocket Expenses	0.35	0.35
	30.48	31.60
Miscellaneous Expenses	871.59	1,410.90
Provision for doubtful debts	0.33	48.98
Loss on Swap / Exchange Rate Fluctuations	240.01	46.70
	5,763.66	9,421.33
D Managerial Remuneration :		
(a) To Managing Director & Joint Managing Directors :		
(i) Salary	240.00	360.00
(ii) Contribution to Provident fund, Superannuation & Gratuity Scheme	74.40	111.60
(iii) Other Perquisites	73.16	107.05
(iv) Leave salary	9.29	13.22
	396.85	591.87
(b) To Whole Time Directors :		
(i) Salary	93.97	122.32
(ii) Contribution to Provident fund, Superannuation & Gratuity Scheme	3.17	5.05
(iii) Other Perquisites	8.14	9.74
(iv) Leave salary / Encashment	1.59	7.18
	106.87	144.29
(c) Directors' sitting fees	1.15	2.00
	504.87	738.16
TOTAL	18,686.68	30,404.41

SCHEDULE-12:
STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS :
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 / Amortisation

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 / Amortisation 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 cost of Rs. 5,000/- or less is depreciated fully in the year of acquisition.

Schedule-12 (Contd.)

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 leasehold	-	Straight line over the life of the lease
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, which 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

Raw materials, stores, spares and packing materials are valued at weighted average cost. Finished goods are valued at lower of cost or market value. Semi-finished goods including those held for captive consumption are valued at factory cost (including depreciation).

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

- During the year, foreign currency transactions relating to purchases of goods and services are translated at the rate prevailing at the time of settlement of the transactions.

- Amounts remaining unsettled on these transactions at the Balance Sheet date are translated at the contracted rates (where applicable) or at the exchange rates prevailing at the end of the Accounting Year. The net gain / loss arising from such transaction, is charged to the relevant revenue heads in the Profit and Loss Account.

- a) Hitherto pursuant to the adoption of accounting standard as prescribed by the Companies (Accounting Standards) Rules 2006 issued by Ministry of Corporate Affairs vide Notification No. G.S.R. 739 (E) dated 07.12.2006 and as required by Accounting Standard 11 (Revised 2003) " The effect of changes in Foreign Exchange Rates", the gain or loss due to fluctuations in exchange rates resulting in decrease / increase in foreign currency loan liability is charged to profit and loss account with effect from 1st April, 2007. Due to this change in method of accounting, the net profit for the previous period was lower by Rs. 50.76 Lakhs.

- b) 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 Government 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 transfer to "Foreign Currency Monetary Items Translation Difference Account" to be amortized in subsequent period.

- The company has debited Rs. 50.76 Lakhs to assets account by adjusting against reserve for exchange loss for the year 2007-08 and added Rs. 47.76 Lakhs to assets for exchange loss during year 2008-09 on foreign currency loans acquired for fixed assets by increasing loans outstanding as on 30.09.2009. The exchange loss of other loans in foreign currency of Rs. 127.84 Lakhs was transferred to "Foreign Currency Monetary Items Translation Difference Account". Subsequent to amortization of Rs. 42.61 Lakhs under the head Exchange Gain / Loss, the balance of Rs. 85.23 Lakhs in this account is shown under the head Current Assets and will be amortized before 31.03.2011.

- 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.

- 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 accounts.

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. Employment Benefits

(a) Short Term Employment Benefits :-

All employee benefits paid / payable wholly within 12 months of rendering the service are classified as Short Term Employee Benefits. 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 & loss account.

(b) Defined Contribution Plans:

Company's Contributory Plans with Employee Provident Fund in accordance with EPF Act 1952 & ESIC Schemes in accordance with ESIC Act 1948 under Government Administered Schemes and for 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 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 for on accrual / paid basis.

Schedule-12 (Contd.)

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. Contingent Liabilities

No provision is made for liabilities, which are contingent in nature but if material, the same are disclosed by way of notes to the accounts.

11. Research and Development

Revenue expenditure on Research and Development is charged out in the 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 Garwae 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 benefits 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 considering the timing differences, which arise during the year & reversed in subsequent periods. The deferred tax charge or credit is recognized using current tax rates by charging to Profit & Loss Account.

(b) Current Taxes are provided under MAT based on taxable income as per the provisions of Income Tax Act, 1961. Simultaneously MAT Credit entitlement has been taken in to account.

(c) Provision for fringe benefit tax (FBT) for the period October 08 to March 09 is computed as per the provisions of Income Tax Act, 1961.

(d) In respect of subsidiary GPIL, the accounting policy in respect of deferred tax has been charged to reflect 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 capitalised as part of the cost of fixed assets, other borrowing costs are charged to revenue.

15. Impairment of assets

The company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash-generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

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.

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. Accounts Receivable :

In case of Global Pet Films Inc, the accounts receivable balance (Net) as of September 30, 2009 was \$ 360,946.44 (Rs. 173.65 Lakhs) and Coface Factoring receivable balance as of September 30, 2009 was \$42,241.85 (Rs. 20.32 Lakhs).

The Company has entered into factoring arrangement with Coface for some of its customers. The company collects 84% of customer invoices within 5 days from the date of those customer accounts are assigned to Coface and the remainder of balances are paid by Coface on due date of those invoices after deducting interest and bank charges. However the Company had terminated it's operation with Coface in May 2009 and balance represents 15% remainder held by Coface.

19. 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 Garwae Polyester International Ltd.	United Kingdom	100%	April 08-March 09
Indirect Subsidiary Subsidiary of wholly owned subsidiary Global Pet Films, Inc.	U.S.A.	100%	April 08-March 09

Schedule-12 (Contd.)

2. Principles of Consolidation :

- (i) 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, 2009 and necessary adjustments / additions that have been incorporated to give effect to all transaction occurred between the period from 01.04.2009 to 30.09.2009 as per reporting period of the parent company.
- (ii) 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.
- (iii) In respect of subsidiaries, transactions of Profit and Loss account and the assets and items of the balance sheet have been translated into Indian Rupees at the closing exchange rate of respective currencies prevailing as at 30th September, 2009 except for subsidiary's share capital.

- 3. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs 858.50 Lakhs (Previous period Rs.1,003.07 Lakhs) against which an advance of Rs. Nil Lakhs (Previous period Rs 10.82 Lakhs) has been paid.
- 4. The Company has given counter-guarantees for Rs. 738.59 Lakhs (Previous period Rs.1,004.56 Lakhs) to Banks in respect of guarantees given by the Banks to third parties for purchase of equipments, supply of goods, clearance of goods from Customs, Excise Bonds, etc.
- 5. Letters of Credit opened on behalf of the Company by Banks for purchase of materials and equipments amount to Rs. 13,577.63 Lakhs (Previous period Rs.13,815.28 Lakhs).
- 6. Bills of Exchange discounted under Bill Marketing Scheme amount to Rs. 2,725.29 Lakhs (Previous period Rs. 3,408.16 Lakhs).
- 7. Secured Loans:
 - (i) 12.50% Secured Redeemable Non Convertible Debentures (NCD) aggregating Rs.10,856.38 Lakhs were redeemable at par in 28 quarterly installments commencing from 1st April, 2003. The said NCDs were redeemed in full as on 30.9.2009 including Rs. 202.50 Lakhs redeemed during the year (Previous period Rs. 6,416.94 Lakhs).
 - (ii) Zero Coupon Bonds of Rs.195.00 Lakhs are repayable in quarterly installments with premium of Rs.165.75 Lakhs till 1st January, 2012.
 - (iii) Amount of Term Loans / Zero Coupon Bond repayable within one year is Rs. 1,947.60 Lakhs. (Previous period Rs. 4,848.17 Lakhs)

8. Contingent liability not provided for:

	2008-09 12 Months (Rs. in Lakhs)	2007-08 18 Months (Rs. in Lakhs)
(a) Disputed matters in appeal / contested in respect of:		
Income Tax	43.22	13.61
Excise Duty	39.02	39.02
Sales Tax	17.13	17.13
(b) Claims against the company not acknowledged as debts	0.00	0.00

- 9. Legal and Professional Charges include Rs. 7.90 Lakhs (Previous period Rs. 5.15 Lakhs) paid to some of the Partners of the Auditors for other services & Rs. 0.25 Lakhs paid to a firm in which one of the Director is a partner. (Previous period Rs. 4.59 Lakhs).
- 10. Break up of Interest and financial charges are:

	2008-09 12 Months (Rs. in Lakhs)	2007-08 18 Months (Rs. in Lakhs)
On Secured Term Loans / Debentures (Net)	2,041.37	2,592.43
Other Interest (Net)	2,611.44	4,421.24
Financial Charges	686.56	898.53
Total	5,339.37	7,912.20

- 11. Export Benefits / Incentives are accounted on accrual basis. Accordingly, net estimated benefit aggregating to Rs. 752.27 Lakhs (Previous period Rs. 1,746.51 Lakhs) against export effected during the period has been credited to Export Benefits earned account which has been included in sales.
- 12. 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.

	2008-09 12 Months (Rs. in Lakhs)			2007-08 18 Months (Rs. in Lakhs)		
	Within India	Outside India	Total	Within India	Outside India	Total
Sales	38,691	21,036	59,727	47,912	48,934	96,846
Amount of Segment Assets by location of assets. (Net Value)	21,428	-	21,428	23,451	-	23,451

Schedule-12 (Contd.)

13. Related Party Disclosures.

(a) List of Related Parties.

Associate Companies	:	Garware Industries Limited & Garware Chemicals Limited
Key Management Personnel	:	(1) Shri S. B. Garware (2) Mrs. Monika Garware Modi (3) Ms. Sarita Garware (4) Ms. Sonia S. Garware

(b) Transaction with Related Parties

	2008-09 12 Months (Rs. in Lakhs)*	2007-08 18 Months (Rs. in Lakhs)*
(i) Sale of Goods / Capital Item: Associate Company	6,455.04	489.86
(ii) Purchase of Materials and Capital items: Associate Companies	5.39	8.35
(iii) Services Received / Processing Charges: Associate Companies	1,335.01	2,388.32
(iv) Services Rendered: Associate Company	212.21	762.08
(v) Balances [Dr. / (Cr.)] Associate Company	6,743.11	6,010.42
(vi) Services Received In case of GPIL, Amount paid to Bhagani & Co. is controlled by Mr A B Bhagani. (Director)	0.00	8.26
(vii) Balances [Dr. / (Cr.)] Ms. S. Garware	(3.63)	(2.65)
(viii) Key Management Personnel & Relatives Managerial Remuneration (Refer Schedule 11)		

* Figures are on gross basis (Including taxes and duties)

14. Earning Per Share :

Particulars	2008-09 12 Months (Rs. in Lakhs)	2007-08 18 Months (Rs. in Lakhs)
Profit for the year / period	2,370.34	2,325.54
Less: Deferred Tax	1,193.75	430.60
Less: Current Income Tax	(7.91)	209.19
Less: Fringe Benefit Tax	35.80	94.00
Less: Wealth Tax	4.91	9.13
Less: Extra ordinary item	0.00	616.00
Profit attributable to equity shareholders	1,143.79	966.62
Weighted average number of Equity Shares of Rs.10/- each fully paid	2,30,27,053	2,24,64,100
Earning per share (Rupees) before extra ordinary item (Not Annualised for previous period)	4.97	7.05
Earning per share (Rupees) after extra ordinary item. (Not Annualised for previous period)	4.97	4.30

15. Deferred Tax :

- (a) Deferred Tax Liability of Rs. 1,193.75 Lakhs is provided in the current year, (Previous period Rs. 430.60 Lakhs) as per requirement of Accounting Standard 22 "Accounting for Taxes on Income".
- (b) Major components of deferred tax arising as at 30th September, 2009 are given here below.

Deferred Tax Assets / (Liability)	2008-09 12 Months (Rs. in Lakhs)	2007-08 18 Months (Rs. in Lakhs)
Disallowance U/s 43B of the Income Tax Act, 1961	112.14	356.18
Unabsorbed Business Losses, Depreciation & Capital Losses	3,413.09	4,643.21
Others	91.67	279.63
	3,616.90	5,279.02
Less: Deferred Tax Liability:		
Excess of Net Block over WDV as per the provisions of the Income Tax Act, 1961	5,061.14	<u>5,529.51</u>
Deferred Tax Asset / (Liability) (Net)	(1,444.24)	(250.49)

Schedule-12 (Contd.)

16. Disclosure as per AS-15 (Revised) on "Employee Benefit" for the year ended 30th September, 2009.

	Funded Retirement Benefit Gratuity		Un-funded Retirement Benefit- Leave Encashment	
	2008-09 12 Months (Rs. in Lakhs)	2007-08 18 Months (Rs. in Lakhs)	2008-09 12 Months (Rs. in Lakhs)	2007-08 18 Months (Rs. in Lakhs)
Change in the defined benefit obligations				
Defined benefit obligations at beginning of the year / period	865.37	759.01	779.26	711.60
Service cost	82.43	95.55	40.79	43.04
Interest cost	99.60	85.40	62.11	83.26
Actuarial Loss / (Gain)	282.37	32.24	(30.35)	(23.22)
Benefits paid	(33.88)	(106.82)	(5.79)	(35.42)
Defined benefit obligations at end of the year / period (a)	1,295.89	865.37	846.02	779.26
Change in plan assets				
Fair Value of plan assets at the beginning of the year / period	809.00	406.08	0.00	0.00
Expected return on plan assets	94.46	72.84	0.00	0.00
Contributions by employer	206.85	436.90	5.79	35.42
Actuarial Gain / (Loss)	150.13	0.00	0.00	0.00
Benefits paid	(33.88)	(106.82)	(5.79)	(35.42)
Fair value of plan assets at end of the year / period (b)	1,226.56	809.00	0.00	0.00
Present Value of obligations (a-b)	69.33	56.37	846.02	779.26
The net Amount recognized in statement of Profit and Loss for the year / period ended is as follows:				
Current service cost	82.43	95.55	40.79	43.04
Interest cost	99.60	85.40	62.11	83.26
Expected return on plan assets	(94.46)	(72.84)	0.00	0.00
Net Actuarial Loss / (Gain) recognized	282.37	32.24	(30.35)	(23.22)
Net amount recognized	369.94	140.34	72.55	103.08
Actual Return on Plan Assets	0.00	0.00	0.00	0.00
The principal actuarial assumptions used as year/period ended are as follows:				
Discount Rate	7.80%	8%	7.80%	8%
Expected rate of return on plan assets				
Withdrawal rate	Up to Age 35 : 5% 36-50: 2% 51 & above : 1%	1% to 3% depending on age	Up to Age 35 : 5% 36-50: 2% 51 & above : 1%	Up to Age 35 : 5% 36-50: 2% 51 & above : 1%
Rate of increase in compensation levels	5.00%	5.00%	7.00%	7.00%

17. In accordance with Accounting Standard 28 (AS 28) issued by the Institute of Chartered Accountants of India on Impairment of Assets, the company has 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.
18. The significant leasing arrangements of the company are in respect of operating leases for premises and vehicles. These leasing arrangements ranges 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.
19. Raw materials consumed includes expenses for clearing , warehousing and duty etc. on goods received from parent company by subsidiary and ultimate subsidiary.
20. Previous period's figures have been rearranged and regrouped wherever necessary to confirm to the classification adopted for the current year. Figures of the current year are not comparable with the figures of the previous period being a eighteen month period.

ANNUAL REPORT 2008-2009

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Year ended 30.09.2009 (12 Months) (Rs. in Lakhs)	Period ended 30.09.2008 (18 Months) (Rs. in Lakhs)
A. Cash flow from operating activities :		
Net Profit before tax and extraordinary items	2,370.34	2,325.54
<i>Add:</i> Depreciation	3,251.49	4,914.98
Interest expenses - Net	5,339.37	7,912.20
Loss on Exchange Rate Fluctuations	240.01	46.70
Foreign Currency Monetary Items Translation Difference	50.76	0.00
Provision for leave encashment	79.72	124.03
Sub Total	<u>8,961.35</u>	<u>12,997.91</u>
Total	<u>11,331.69</u>	<u>15,323.45</u>
<i>Less:</i> Interest income	85.34	21.67
Profit on sale of fixed assets	2.39	4.16
Dividend received / Income from Investment	12.31	20.42
Extra Ordinary Items	0.00	616.00
Sundry balances Written Back (Net)	3.56	27.84
Rent	4.20	6.30
Sub Total	<u>107.80</u>	<u>696.39</u>
Operating profit before working capital changes.	11,223.89	14,627.06
Adjustments for :		
Transfer to foreign currency translation reserve	(51.00)	0.72
(Increase) / Decrease in trade / other receivable (Net)	2,121.97	1,950.63
(Increase) / Decrease in inventories	2,588.61	(361.97)
Increase / (Decrease) in trade / other payables	(337.89)	(1,683.07)
Cash generated from operations	15,545.58	14,533.37
Direct taxes refund / (paid)(Net)	(245.75)	(309.00)
Net cash inflow/(outflow) from operations	15,299.83	14,224.37
B. Cash flow from investing activities :		
Purchase of fixed assets (Including Rs. 50.76 Lakhs of Foreign Currency Monetary Items Translation Difference)	(836.68)	(923.84)
Purchases of Investments	0.00	(30.00)
Sale proceeds of fixed assets	6.55	41.54
Interest received	85.34	21.67
Loss on Exchange Rate Fluctuations	(240.01)	(46.70)
Dividend received / Income from Investment	12.31	20.42
Rent	4.20	6.30
Net cash inflow/(outflow) from investing activities	(968.29)	(910.61)
C. Cash flow from financing activities :		
Proceeds from issue of shares	65.34	6,046.00
Interest / Financial Charges	(5,360.52)	(8,313.50)
Repayment of borrowings - secured	(5,582.36)	(11,231.66)
Repayments of borrowings-unsecured	(412.43)	(478.08)
Cash credit accounts	(2,642.13)	829.49
Dividend paid (Unclaimed)	0.00	(0.05)
Miscellaneous expenditure (to the extent not written off)	17.83	(32.58)
Net cash inflow / (outflow) from financing activities	(13,914.27)	(13,180.38)
Net increase / (decrease) in cash and cash equivalents	417.27	133.38
Cash and cash equivalents as at opening		
Cash and bank balances	1,164.93	1,031.55
Cash and cash equivalents as at closing		
Cash and bank balances	<u>1,582.20</u>	<u>1,164.93</u>
	<u>417.27</u>	<u>133.38</u>

For and on behalf of the Board of Directors

As per our report of even date
For SHAH & CO.
Chartered Accountants

S. B. GARWARE
Chairman &
Managing Director

M. S. ADSUL
Director-Technical

B. MORADIAN
Director

INDULAL H. SHAH
Partner

MANOJ KOUL
Company Secretary &
General Manager

K. N. MOGHE
Chief Financial Officer

Mumbai, 12th November, 2009

Mumbai, 12th November, 2009

1

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2009

The directors present their report and consolidated financial statements for the year ended 31 March 2009.

Principal activities and review of the business

The principal activity of the group continued to be that of distribution of industrial polyester film.

The results for the year and the financial position at the year end were considered to be satisfactory by the directors.

Results and dividends

The results for the year are set out on page 5.

The directors do not recommend payment of an ordinary dividend.

Directors

The following directors have held office since 1 April 2008:

Mr S Garware
Ms S Garware
Mr B D Doshi
Mr V K Nair

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that MCT Partnership be reappointed as auditors of the company will be put to the Annual General Meeting.

2

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board

Mr B D Doshi
Director

3

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GARWARE POLYESTER INTERNATIONAL LIMITED

We have audited the financial statements of Garware Polyester International Limited for the year ended 31 March 2009 set out on pages 5 to 18. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group and the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

4

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's and the group's affairs as at 31 March 2009 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

MCT Partnership

6 November 2009

Chartered Accountants
Registered Auditors

1 Warner House
Harrobian Business Village
Bessborough Road,
Harrow Middlesex HA1 3EX

GARWARE POLYESTER INTERNATIONAL LIMITED

**5
GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED
31 MARCH 2009**

	Notes	2009 £	2008 £
Turnover	2	7,596,350	8,965,246
Cost of sales		(6,827,406)	(8,323,874)
Gross profit		768,944	641,372
Selling and distribution costs		(282,065)	(336,307)
Administrative expenses		(575,429)	(726,927)
Other operating income		114,826	39,909
Operating profit/(loss)	3	26,276	(381,953)
Other interest receivable and similar income	4	5,802	8,752
Interest payable and similar charges	5	(72)	-
Profit/(loss) on ordinary activities before taxation		32,006	(373,201)
Tax on profit/(loss) on ordinary activities	6	(8,692)	(8,024)
Profit/(loss) on ordinary activities after taxation	13	23,314	(381,225)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

**6
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE
YEAR ENDED 31 MARCH 2009**

	Notes	2009 £	2008 £
Profit/(loss) for the financial year		23,314	(381,225)
Currency translation differences on foreign currency net investments		(26,136)	86,255
Total recognised gains and losses relating to the year		(2,822)	(294,970)

**7
GROUP BALANCE SHEET AS AT 31 MARCH 2009**

	Notes	2009 £	2008 £
Fixed assets			
Tangible assets	7	12,271	12,754
Current assets			
Stock	9	380,582	1,652,642
Debtors	10	208,842	678,958
Cash at bank and in hand		271,524	454,745
		860,948	2,786,345
Creditors: amounts falling due within one year	11	(880,104)	(2,716,907)
Net current (liabilities)/assets		(19,156)	69,438
Total assets less current liabilities		(6,885)	82,192
Capital and reserves			
Called up share capital	12	250,000	250,000
Other reserves	13	(26,136)	86,255
Profit and loss account	13	(230,749)	(254,063)
Shareholders' funds - equity interests	15	(6,885)	82,192

The financial statements were approved by the Board on - 6 November 2009

Mr B D Doshi
Director

**8
COMPANY BALANCE SHEET AS AT 31 MARCH 2009**

	Notes	2009 £	2008 £
Fixed assets			
Tangible assets	7	10,406	11,010
Investments	7	62,046	62,046
		72,452	73,056
Current assets			
Stock	9	120,208	372,997
Debtors	10	145,327	331,617
Cash at bank and in hand		254,381	383,354
		519,916	1,087,968
Creditors: amounts falling due within one year	11	(129,998)	(732,463)
Net current (liabilities)/assets		389,918	355,505
Total assets less current liabilities		462,370	428,561
Capital and reserves			
Called up share capital	12	250,000	250,000
Profit and loss account	13	212,370	178,561
Shareholders' funds - equity interests	15	462,370	428,561

The financial statements were approved by the Board on 6 November 2009.

Mr B D Doshi
Director

**9
GROUP CASH FLOW STATEMENT FOR THE YEAR ENDED
31 MARCH 2009**

	2009 £	2008 £
Net cash outflow from operating activities	(175,893)	(360,054)
Returns on investments and servicing of finance		
Interest received	5,802	8,752
Interest paid	(72)	-
Net cash inflow for returns on investments and servicing of finance	5,730	8,752
Taxation	70	(3,894)
Capital expenditure		
Payments to acquire tangible assets	(4,809)	(5,273)
Net cash outflow for capital expenditure	(4,809)	(5,273)
Net cash outflow before management of liquid resources and financing	(174,902)	(360,469)
Decrease in cash in the year	(174,902)	(360,469)

**10
NOTES TO THE GROUP CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2009**

	2009 £	2008 £		
1 Reconciliation of operating profit/(loss) to net cash outflow from operating activities				
Operating profit / (loss)	26,276	(381,953)		
Depreciation of tangible assets	5,292	6,176		
Decrease / (increase) in stock	1,272,060	(42,368)		
Decrease / (Increase) in debtors	470,116	264,562		
(Decrease) / increase in creditors within one year	(1,837,246)	(296,545)		
Net effect of translation differences	(112,391)	90,074		
Net cash outflow from operating activities	(175,893)	(360,054)		
2 Analysis of net funds				
	1 April 2008	Cash flow	Other non-cash changes	31 March 2009
	£	£	£	£
Net cash:				
Cash at bank and in hand	454,745	(183,221)	-	271,524
Bank overdraft	(8,897)	8,319	-	(578)
Net funds	445,848	(174,902)	-	270,946
3 Reconciliation of net cash flow to movement in net funds				
			2009 £	2008 £
Decrease in cash in the year			(174,902)	(360,469)
Movement in net funds in the year			(174,902)	(360,469)
Opening net funds			445,848	806,317
Closing net funds			270,946	445,848

11

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable Accounting Standards.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Tangible fixed assets and depreciation

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 asset over its expected useful life, as follows:

Land and buildings leasehold	Straight line over life of lease
Fixtures, fittings and equipment	25% Reducing balance

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Stock

Stock is valued at the lower of cost and net realisable value.

1.7 Deferred taxation

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.

1.8 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

2 Turnover

Class of business	Turnover	
	2009 £	2008 £
Foreign sales	7,236,644	8,386,883
UK sales	359,706	578,363
	<u>7,596,350</u>	<u>8,965,246</u>

12

3 Operating profit/(loss)

	2009 £	2008 £
Operating loss is stated after charging:		
Depreciation of tangible assets	5,430	6,176
Operating lease rentals	41,146	39,037
Auditors' remuneration - audit services		
- Company	8,000	6,300
- Group	12,520	9,259
	<u>67,106</u>	<u>61,772</u>

4 Investment income

	2009 £	2008 £
Bank interest	5,802	8,752

5 Interest Payable

	2009 £	2008 £
On overdue tax	72	-

13

6 Taxation

	2009 £	2008 £
Domestic current year tax		
U.K. corporation tax	8,692	5,166
Adjustment for prior years	-	2,858
Current tax charge	<u>8,692</u>	<u>8,024</u>
Factors affecting the tax charge for the year		
Profit/(Loss) on ordinary activities before taxation	32,006	(373,201)
Profit/(Loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21.00% (2008: 20.00%)	6,721	(74,640)
Effects of:		
Depreciation add back	1,140	1,235
Capital allowances	(925)	(710)
Tax losses utilised	-	(3,009)
Adjustments to previous periods	-	2,858
Other tax adjustments	1,756	82,290
	<u>1,971</u>	<u>82,664</u>
Current tax charge	<u>8,692</u>	<u>8,024</u>

14

7 Tangible fixed assets Group

	Land and buildings leasehold £	Fixtures, fittings and equipment £	Total £
Cost			
At 1 April 2008	9,100	38,075	47,175
Exchange differences	-	2,995	2,995
Additions	-	4,809	4,809
At 31 March 2009	<u>9,100</u>	<u>45,879</u>	<u>54,979</u>
Depreciation			
At 1 April 2008	9,100	25,321	34,421
Exchange differences	-	2,995	2,995
Charge for the year	-	5,292	5,292
At 31 March 2009	<u>9,100</u>	<u>33,608</u>	<u>42,708</u>
Net book value			
At 31 March 2009	<u>-</u>	<u>12,271</u>	<u>12,271</u>
At 31 March 2008	<u>-</u>	<u>12,754</u>	<u>12,754</u>
Company			
Cost	£	£	£
At 1 April 2008	9,100	23,979	33,079
Additions	-	2,689	2,689
At 31 March 2009	<u>9,100</u>	<u>26,668</u>	<u>35,768</u>
Depreciation			
At 1 April 2008	9,100	12,969	22,069
Charge for the year	-	3,293	3,293
At 31 March 2009	<u>9,100</u>	<u>16,262</u>	<u>25,362</u>
Net book value			
At 31 March 2009	<u>-</u>	<u>10,406</u>	<u>10,406</u>
At 31 March 2008	<u>-</u>	<u>11,010</u>	<u>11,010</u>

15

8 Fixed asset investments Company

	Share in subsidiary undertaking £
Cost	
At 1 April 2008 and 31 March 2009	62,046

Holdings of more than 20%

The company holds more than 20% of the share capital of the following company;

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertaking			
Global PET Films Inc	USA	Common stock	100

9 Stock

	Group		Company	
	2009 £	2008 £	2009 £	2008 £
Finished goods and goods for resale	380,582	1,652,642	120,208	372,997

10 Debtors

	Group		Company	
	2009 £	2008 £	2009 £	2008 £
Trade debtors	189,418	658,252	182,032	75,428
Amounts owed by subsidiary undertaking	-	-	133,757	-
Other debtors	8,670	13,157	10,166	11,311
Prepayments and accrued income	10,754	7,549	5,662	8,167
	<u>208,842</u>	<u>678,958</u>	<u>331,617</u>	<u>94,906</u>

16

11 Creditors: amounts falling due within one year

	Group		Company	
	2009 £	2008 £	2009 £	2008 £
Bank overdraft	578	8,897	578	8,897
Trade creditors	32,039	52,875	2,665	11,802
Amounts owed to parent undertaking	761,880	2,611,098	60,479	692,362
Corporation tax	13,928	5,166	14,045	5,166
Other taxes and social security costs	27,927	2,151	25,895	-
Director's loan account	16,023	1,367	16,023	1,367
Other creditors	3,055	7,096	3,055	7,096
Accruals and deferred income	24,674	28,257	7,375	5,773
	<u>880,104</u>	<u>2,716,907</u>	<u>130,115</u>	<u>732,463</u>

12 Share capital

	2009 £	2008 £
Authorised		
1,000,000 Ordinary shares of £1 each	1,000,000	1,000,000
Allotted, called up and fully paid		
250,000 Ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>

GARWARE POLYESTER INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Contd....) FOR THE YEAR ENDED 31 MARCH 2009

13 Statement of movements on profit and loss account

	Group		Company	
	Other reserves (see below)	Profit and loss account	Profit and loss account	Profit and loss account
	£	£	£	£
Balance at 1 April 2008	86,255	(254,063)	178,561	
Retained profit for the year	-	23,314	33,809	
Foreign currency translation differences	(26,136)	-	-	
Movement during the year	(86,255)	-	-	
Balance at 31 March 2009	<u>(26,136)</u>	<u>(230,749)</u>	<u>212,370</u>	
Other reserves				£
Balance at 1 April 2008			86,255	
Reversal of 2008 translation difference			(86,255)	
2009 translation difference			(26,136)	
Balance at 31 March 2009			<u>(26,136)</u>	

17

14 Profit of the parent company - Garware Polyester International Limited

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the year amounted to £33,809 [2008 - £30,465]

15 Reconciliation of movements in shareholders' funds

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Profit/(Loss) for the financial year	23,314	(381,225)	33,809	30,465
Other recognised gains and losses	(26,136)	86,255	-	-
Movements on other reserves	(86,255)	3,819	-	-
Net depletion in shareholders' funds	(89,077)	(291,151)	33,809	30,465
Opening shareholders' funds	82,192	373,343	428,561	398,096
Closing shareholders' funds	<u>(6,885)</u>	<u>82,192</u>	<u>462,370</u>	<u>428,561</u>

16 Financial commitments

At 31 March 2009 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 March 2010:

	Group		Company	
	Land & Building 2009	Land & Building 2008	Land & Building 2009	Land & Building 2008
	£	£	£	£
Operating leases which expire: Between two and five years	<u>35,185</u>	<u>33,068</u>	<u>29,942</u>	<u>28,667</u>

17 Directors' emoluments

	2009	2008
	£	£
Emoluments for qualifying services	<u>109,000</u>	<u>101,612</u>

18

18 Employees

Number of employees

There were no employees during the year apart from the directors.

	Group		Company	
	2009	2008	2009	2008
	Number	Number	Number	Number
Administration and management	2	6	1	4
Selling and distribution	2	4	1	2
	<u>4</u>	<u>10</u>	<u>2</u>	<u>6</u>

Employment costs

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Wages and salaries	289,179	275,001	151,000	156,970
Social security costs	12,550	14,848	12,550	14,848
	<u>301,729</u>	<u>289,849</u>	<u>163,550</u>	<u>171,818</u>

19 Ultimate parent company and control

The ultimate parent company is Garware Polyester Limited, a company registered in India.

20 Related party transactions

The following related party transactions were undertaken in the ordinary course of business:

	Relationship	2009	2008
		£	£
Purchase of goods and services:			
Related party			
Garware Polyester Limited	Parent company	5,292,833	7,546,359

The following amount was owed to related parties at the balance sheet date:

	Relationship	2009	2008
		£	£
Related party			
Garware Polyester Limited	Parent company	761,880	2,611,098

INDEPENDENT AUDITOR'S REPORT

**The Board of Directors and Stockholders of
Global Pet Films, Inc.
Pembroke Pines, Florida, USA**

We have audited the accompanying balance sheets of **Global Pet Films, Inc.** as of March 31, 2009 and 2008, and the related statements of income, retained earnings, and cash flows for the years then ended. 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Global Pet Films, Inc.** as of March 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Khushal Vira
Certified Public Accountant
Hazel Crest, IL, USA

October 28, 2009

BALANCE SHEET March 31, 2009 and 2008

	ASSETS	
	As of March 31, 2009	As of March 31, 2008
	\$	\$
CURRENT ASSETS		
Cash in Bank and Petty Cash	24,510.90	141,745.69
Accounts Receivable	745,693.88	1,178,253.90
Coface Factoring Receivable	93,003.77	59,702.16
Other Accounts Receivable	54,592.00	
Prepaid Taxes	3,746.00	3,746.00
Rent Deposit	5,938.15	5,938.15
Inventory: Stock at the End	<u>372,282.10</u>	<u>2,540,734.73</u>
Total Current Assets	1,299,766.80	3,930,120.63
PROPERTY AND EQUIPMENT		
Equipments:Cost	14,102.07	14,102.07
Equipments:Depreciation Accumulated	(14,102.07)	(14,102.07)
Computer Systems & Software:Cost	6,677.59	3,646.11
Computer Systems:Depreciation Accumulated	<u>(3,728.03)</u>	<u>(182.36)</u>
Total Property and Equipment	2,949.56	3,463.75
OTHER ASSETS		
Organisation Expenses:Cost	7,373.01	7,373.01
Organisation Expenses:Accumulated Amortization	<u>(7,373.01)</u>	<u>(7,373.01)</u>
Total Other Assets	0.00	0.00
TOTAL ASSETS	1,302,716.36	3,933,584.38
	LIABILITIES AND STOCK HOLDER'S EQUITY	
	As of	As of
	March 31, 2009	March 31, 2008
	\$	\$
CURRENT LIABILITIES		
Accounts Payable	1,857,018.67	4,352,781.48
Payroll Liabilities	2,904.26	4,270.31
Accrued Expenses	24,733.52	44,642.75
Provison for Bad and Doubtful Debts	0.00	96,414.77
Total Current Liabilities	1,884,656.45	4,498,109.31
LONG-TERM LIABILITIES		
Total Long-Term Liabilities	<u>0.00</u>	<u>0.00</u>
Total Liabilities	1,884,656.45	4,498,109.31
STOCKHOLDERS' EQUITY		
Capital Stock	100,000.00	100,000.00
Retained Earnings	(664,524.93)	(26,533.31)
Net Income (Loss)	(17,415.16)	(637,991.62)
Total Stockholders' Equity	<u>(581,940.09)</u>	<u>(564,524.93)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	1302,716.36	3,933,584.38

GLOBAL PET FILMS, INC.

INCOME STATEMENT Twelve Months Ended March 31, 2009 and 2008

	12 Months Ended Mar. 31, 2009 \$	12 Months Ended Mar. 31, 2008 \$
Revenue		
Sales: Sales	9,517,055.01	14,906,294.47
Sales: Sales Returns	(291,252.25)	(396,525.10)
Sales: Service Income	133,306.00	160,099.50
Total Revenue	9,359,108.76	14,669,868.87
Cost of Goods Sold		
Beginning Inventory	2,540,734.73	2,796,708.02
Purchases	6,188,236.88	12,175,539.77
Purchase Returns and Discounts	(143,858.41)	0.00
Slitting Charges	2,991.52	9,718.56
Custom Duties & Clearance Fees	18,687.44	776,498.68
Freight charges	13,663.82	202,914.42
Warehouse Expenses	323,224.64	380,178.70
Ending Inventory	(372,282.10)	(2,540,734.73)
Total Cost of Goods Sold	8,571,398.52	13,800,823.42
Gross Profit	787,710.24	869,045.45
Operating Expenses		
Bad Debts	691.29	96,468.09
Bank Service Charges	7,682.23	4,412.87
Credit Card Fees	6,252.46	123,709.45
Factoring (Bill Discounting) fees	55,505.56	5,389.46
Depreciation Expense	3,545.67	182.36
Design Expenses	12,012.50	22,452.50
Dues and Subscriptions	0.00	12,500.00
Discounts	0.00	345.36
Freight Outbound	150,571.98	125,326.62
Insurance Expense	48,287.18	71,851.36
Licenses and Permits	332.10	361.25
Marketing & Advertising Expense	204,925.04	385,311.92
Office Expenses	2,602.52	30,526.16
Office Supplies	4,744.55	25,202.98
Postage and Delivery	18,119.21	59,300.21
Printing and Reproduction	2,807.81	4,463.84
Gross Salaries and Wages	198,966.04	187,438.96
Employee Medical & Business Expense	44,300.00	16,500.00
Leased Staffing Expense	10,676.00	1,136.00
Payroll & Other Taxes	19,664.97	14,576.31
Accounting Fees	18,945.00	21,000.00
Professional Legal Fees	14,884.96	113,878.25
Professional Consulting Fees	11,875.11	14,253.44
Rent - Office and Storage	20,063.95	23,264.90
Repairs and Maintenance	2,893.71	0.00
Telephone Expense	39,115.43	52,197.63
Training Expense	0.00	5,001.85
Travel Expense	105,457.14	169,837.64
Utilities	0.00	107.83
Total Operating Expenses	1,004,922.41	1,586,997.24
Operating Income (Loss)	(217,212.17)	(717,951.79)
Other Income		
Interest Income	5,566.49	1,356.66
Recovery of Claims and Other Expenses	58,813.31	78,603.51
Customs Duty Refunds	135,417.21	0.00
Total Other Income	199,797.01	79,960.17
Other Expenses		
Total Other Expenses	0.00	0.00
Income (Loss) Before Income Taxes	(17,415.16)	(637,991.62)
Net Income (Loss)	(17,415.16)	(637,991.62)

STATEMENT OF CASH FLOWS FOR THE 12 MONTHS PERIODS ENDED MARCH 31, 2009 AND 2008 INCREASE (DECREASE) IN CASH OR CASH EQUIVALENTS

	12 Months Ended March 31, 2009 \$	12 Months Ended March 31, 2008 \$
Cash Flows from Operating Activities		
Net Income (Loss)	(17,415.16)	(637,991.62)
Adjustments to Reconcile Cash Flow		
Depreciation	3,545.67	182.36
Decrease (Increase) in Currents Assets		
Accounts Receivable-Trade	432,560.02	489,072.38
Coface Factoring Receivable	(33,301.61)	(59,702.16)
Other Accounts Receivable	(54,592.00)	
Inventory	2,168,452.63	255,973.29
Loans Receivable-GPL		289,375.55
Increase (Decrease) in Current Liabilities		
Accounts Payable-Trade	(2,495,762.81)	(499,703.23)
Payroll Taxes Payable	(1,366.05)	6,810.79
Customs Duty Payable		(45,677.12)
Bad and Doubtful Debts Provision	(96,414.77)	96,414.77
Accrued Expenses	(19,909.23)	30,042.75
Total Adjustments	(96,788.15)	562,789.38
Net Cash Provided by (Used in) Operating Activities	(114,203.31)	(75,202.24)
Cash Flow from Investing Activities		
Sales (Purchases) of Assets		
Computer System	(3,031.48)	(3,646.11)
Accumulated Amortization		
Cash Provided (Used) by Investing	(3,031.48)	(3,646.11)
Cash Flow From Financing Activities		
Cash (Used) or provided by:		
Net Increase (Decrease) in Cash	(117,234.79)	(78,848.35)
Cash at Beginning of Period	141,745.69	220,594.04
Cash at End of Period	24,510.90	141,745.69

See accompanying Notes to financial statements

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2009

(1) Description of Business:

Global Pet Films, Inc. was incorporated on December 22, 1997 under the laws of State of Illinois, USA and is also registered with State of Florida, USA. The company is engaged in the business of supply and distribution of polyester and solar control films in USA. The company has its place of business at Pembroke Pines, Florida, USA.

(2) Significant Accounting Policies:

The Significant accounting policies of Global Pet Films, Inc., which are summarized below, are consistent with accounting principles generally accepted in the United States of America and reflect practices appropriate to the business in which they operate.

(a) Cash and Cash equivalents \$24,510.90

Cash and cash equivalents include money market instruments

(b) Inventories

Inventories are stated at the lower of cost (determined by FIFO method) or market (net realizable) value.

(c) Depreciation and Amortization

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

(d) Revenue Recognition

Revenues from product sales to customers are recognized when products are shipped to customers.

(e) Purchases

Purchases are recorded in books only when received in company warehouses and or received at Customs warehouses located at the port of destination.

(f) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

(3) Stockholder's Equity

The Company's certificate of incorporation authorizes 1,000,000 shares of capital stock for issuance. As of March 31, 2009, 99,999 shares of capital stock has been issued to Garware Polyester International Ltd., a United Kingdom company in consideration of \$99,999 and 1 share of capital stock has been issued to Ms. Sonia Garware in consideration of \$1.

(4) Accounts Receivable

The accounts receivable balance (Net) as of March 31, 2009 was \$745,693.88 and Coface Factoring Receivable balance as of March 31, 2009 was \$93,003.77.

Other Accounts Receivable balance of \$54,592.00 includes claims receivable from Garware Polyester Ltd. for damaged goods and travel expenses.

The Company has entered into factoring arrangement with Coface for some of its customers. The Company collects 84% of customer invoices within five days from the date of those customer accounts are assigned to Coface and the remainder of balances are paid by Coface on due date of those invoices after deducting interest and bank charges.

(5) Accounts Payable

The Accounts payable balance of \$ 1,857,018.67 as of March 31, 2009 represents following vendors.

(a) Garware Polyester Ltd. India	\$1,486,774.64	(for trade purchases)
(b) GPIL, UK	\$32,8246.39	(for trade purchases)
(c) Other vendors	\$41,997.64	(for expenses)

(6) Beginning and Ending Inventory and Inventory Variation

	Inventory Value as of March 31, 2008	Inventory Value as of March 31, 2009	Inventory Variation for the year ending March 31, 2009
Ending Inventory-	\$2,540,734.73	\$372,282.10	\$2,168,452.63

Garware
Polyester Limited



Regd. Office : Naigaon, Post Waluj, Aurangabad 431 133

**FIFTY SECOND 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 **52nd Annual General Meeting** of the Company held at the Registered Office of the Company at Naigaon, Post Waluj, Aurangabad 431 133 on Monday, the 28th December, 2009 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

Garware
Polyester Limited



Regd. Office : Naigaon, Post Waluj, Aurangabad 431 133

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 as my / our proxy to attend and vote for me / us on my / our behalf at the **52nd Annual General Meeting** of the Company to be held on Monday, the 28th December, 2009 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 2009.

Signature

Revenue
Stamp

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.

