



GARWARE

Synthetics Limited

43RD ANNUAL REPORT
2011-2012



GARWARE
Synthetics Limited

Forty Third Annual Report 2011-12

BOARD OF DIRECTORS

Mr. Sundar K. Moolya
Mr. Santosh Borkar
Mr. Ramesh G. Chandorkar
Mr. Kirti B. Doshi

Whole Time Director
Executive Director
Non- Executive Director
Non- Executive Director

AUDITORS

B . V SHAH & ASSOCIATES
CHARTERED ACCOUNTANTS
21-22, Swapna Siddhi,
Akurli Road, Kandivali (East),
Mumbai-400 101

REGISTRARS AND SHARE TRANSFER

AGENTS
UNIVERSAL CAPITAL SECURITIES
PRIVATE LIMITED
M/s Mondkar Computers Pvt. Ltd
21, Shakil Niwas, Mahakali Caves Road
Andheri (E),
Mumbai-400 093.

REGISTERED OFFICE

Manish Textiles Industrial Premises,
Penkar Pada, Mira Road (East)-401104
Dist-Thane, Maharashtra.

BANKERS

Bank of Baroda
Indian Oversea Bank

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FORTY THIRD ANNUAL GENERAL MEETING

Day: Friday

Date: 28th September, 2012

Time: 5.15 PM

Venue: Manish Textiles Industrial Premises, Penkar Pada, Mira Road (East), Thane – 401104.

ATTENTION

Shareholders please note that pursuant to recent changes in applicable laws and regulations, in order to receive and Participate in all corporate actions of the Company, you are requested to:

- Inform our Registrar if not already done earlier, for updating details of your PAN number. Non-submission of PAN number is a cause of rejection especially by shareholders holding securities in physical form.
- Inform your depository participants, to reactivate your account for credit actions. Frozen Demat Accounts may lead to non-credit/delayed credit of securities allotted to your account.
- Update your address with Registrar to ensure timely receipt of shareholder communication.

Notice

Notice is hereby given that the 43rd Annual General Meeting of the members of **GARWARE SYNTHETICS LIMITED** will be held on **28th Day of September 2012** at 5.15 PM to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider & adopt the Audited Balance Sheet as at 31st March 2012 and Profit & Loss Account for the year ended on that date together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri. Santosh Borkar, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint B. V. Shah & Associates, Chartered Accountants, Mumbai, as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.
4. To Consider, discuss and decide upon any other matter with the permission of the Chair.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND, AND VOTE INSTEAD OF HIM/HER AND A PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE, NOT LATER THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. In order to be effective, the instrument appointing the proxy must be deposited at the registered office of the Company not later than 48 hours prior to the scheduled time of commencement of the meeting.
3. Members/ Proxies are requested to bring to the meeting the Attendance slip duly filled in along with their copy of this Annual Report.
4. The Register of Members of the Company shall remain closed from 21st September, 2012 to 27th September, 2012 (both days inclusive) for the purpose of Annual General Meeting.
5. Consequent upon introduction of Section 109A of the Companies Act, 1956, members are entitled to make nomination in respect of shares held by them, if not already done. Members desirous of making nominations are requested to send their requests in Form no. 2B (Which will be made available on request) to the Company's Registrar and Share Transfer Agent in case the shares are held in physical form and to the Depository Participants in case the shares are held in electronic form.
6. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their queries in writing to the Compliance Officer at least Seven days before the date of the meeting so that the information required may be made available at the meeting.

DIRECTORS' REPORT

**To
The Members,
GARWARE SYNTHETICS LIMITED**

Your Directors have pleasure in presenting the 43rd Annual Report for the financial year ended 31st March, 2012.

1. BUSINESS REVIEW:

The Company achieved the total revenue of Rs.80,225,437 as against Rs.54,796,447 achieved during the previous year ended on 31st March, 2011.

During the year Company earned net profit of Rs.1,399,350 as against profit of Rs. 2,769,879 during the previous year 31st March, 2011.

2. FINANCIAL RESULTS:

Your Directors present hereunder the 43rd Annual Report on the Business and operations of the Company along with audited statement of accounts of your Company for the financial year ended 31st March, 2012.

The Financial results are summarized as under:

PARTICULARS	2011-2012	2010-2011
Sales Turnover for the Period	7,63,79,602	5,44,95,947
Profit/ (Loss) for the year before providing Depreciation & Financial Charges	70,33,360	12,74,455
Less: Depreciation	4,83,536	4,83,938
Financial Charges	45,498	2,500
Profit/(Loss) Before Exceptional Items and Tax	65,04,326	7,88,017
Exceptional Items	68,70,087	(19,81,862)
Profit / (Loss) Before Tax	(3,65,761)	27,69,879
Provision for Tax	17,65,111	--
Profit After Tax	13,99,350	27,69,879

3. DIVIDEND:

In view of the accumulated losses suffered by your Company, Directors regrets their inability to recommend any dividend for the year.

4. DIRECTORS:

Pursuant to the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Santosh Borkar, Director of the Company, retire by rotation at this Annual General Meeting, and being eligible, offer himself for re-appointment. The Board commends their re- appointment by the members at the forthcoming Annual General Meeting.

None of the Directors are disqualified from being appointed as specified in section 274 (1) (g) of the Companies Act, 1956 as amended.



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7. Members holding share in physical form are requested to notify/ send the following to the Company's Registrars and Share Transfer Agent to facilitate better service:
- a) Any change in their addresses; and
 - b) Shares held in multiple accounts in identical names or joint accounts in the same order of names for consolidation of such shareholding into one account.

**For and on behalf of the Board
For GARWARE SYNTHETICS LIMITED**

Sd/-

**Sundar. K. Moolya
Director**

**Place: Mumbai
Date: 24th August, 2012**

5. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed.

- i) That in the preparation of the accounts for the financial year ended 31st March, 2012, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were 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 the year under review.
- iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) That the Directors have prepared the annual accounts for the financial year ended 31st March 2012 on a going concern basis,

6. DEPOSITS

The Company has not accepted any deposit Under Section 58A of the Companies Act, 1956.

7. AUDITORS

M/s. B V. Shah & Associates, Chartered Accountants, who are statutory auditors of the company, hold office, in accordance with the provision of the Act up to conclusion of the forthcoming AGM and are eligible for re-appointment.

8. CORPORATE GOVERNANCE REPORT:

As per Clause 49 of Listing Agreement, a separate section containing the Report on Corporate Governance together with the certificate on the compliance with the condition of corporate governance issued by practicing Chartered Accountant are appended hereto and they form part of this Annual Report.

9. EQUITY SHARES OF COMPANY SUSUPENED FROM BSE

Due to Non- Compliances of Listing Agreement with The Bombay Stock Exchange, the Company is suspended from trading for the Financial Year 2011-12.

During the financial year 2011 – 2012 the company was in process of duly complying with the Provision of Listing Agreement and Provisions of Companies Act, 1956. The Company has already paid all the listing fees and had duly submitted all the documents called by Bombay Stock Exchange for revocation of Suspension. The Directors of the company is looking forward to remove suspension of Equity Shares from the prestigious exchange in ensuing year



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10. PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND EXPENDITURE:

Particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo forms part of this report (Annexure 'A')

11. INFORMATION PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956:

No employees were employed throughout the year under review. Therefore the particulars required under Section 217(2A) of the Companies Act, 1956 and the rules framed there under are not furnished herewith.

**For and on behalf of the Board
For GARWARE SYNTHETICS LIMITED**

Sd/-

**Sundar K. Moolya
Director**

Sd/-

**Santosh Borkar
Director**

**Place: Mumbai
Date: 24th August, 2012**



ANNEXURE FORMING PART OF DIRECTORS' REPORT

Particulars required under the Companies (Disclosure of particulars in the report of Board of Director(s) Rules), 1988.

information as per section 217(1) (e) read with the companies (Disclosure of particulars in the report of board of Directors) Rules 1988 and forming part of the Directors report for the year ended 31st March, 2012.

A) CONSERVATION OF ENERGY:

POWER & FUEL CONSUMPTION

Sr. No.	Particulars	Current Year 2011-12	Previous Year 2010-11
1	Electricity Units KWH (Lakhs)	6.96	6.32
2	Value in Rs. (Lakhs)	57.88	53.13

Consumption per unit of production

Sr. No.	Particulars	Current Year 2011-12	Previous Year 2010-11
1	Cost per Unit (₹.)	8.31	8.39
2	Consumption per ton of Production (₹.)	22,310	28,240

B) RESEARCH & DEVELOPMENT:

- a. Specific areas in which R & D carried out by the Company:
The R & D efforts of the Company are directed towards process Development, cost reduction, energy conservation, pollution control, efficiency Improvement and quality up gradation.
- b. Benefits derived as a result of the above R & D:
 - i) Increase in productivity, improvement in quality and material utilization.
 - ii) Reduction in manufacturing cost.
- c. Future Plan of Action:
Continuation of the present work in R & D for introduction of new Products and processes improvement in the existing products and processes in the areas in which the Company is operating.

C) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

Efforts are being made towards Technology adaption and innovation. The Company at present does not have any formal technical collaboration.

D) FOREIGN EXCHANGE EARNINGS AND OUTGO:

Sr. No.	Particulars	Current Year 2011-12	Previous Year 2010-11
1	Foreign Exchange Earning	NIL	NIL
2	Foreign Exchange Outgoings	NIL	NIL

**For and on behalf of the Board
For GARWARE SYNTHETICS LIMITED**

Sd/-

Sd/-

Place: Mumbai
Date: 24th August, 2012

Sundar K. Moolya
Director

Santosh Borkar
Director



MANAGEMENT DISCUSSION AND ANALYSIS

This Management Discussion and Analysis Report form a part of the Annual Report of the Company. It indicates the Company's movement in the external environment Vis-a -Vis its own strengths and resources.

INDUSTRY STRUCTURE AND DEVELOPMENT:

Garware Synthetics Ltd manufactures wide range of bristles made from Nylon 6,66,610, PBT, Polpropylene, which finds extensive application in various Brush Industries. Recently Company has developed nylon sutures, which was currently imported into our country. These sutures are used mainly for medical purpose. The management is trying its best to improve the working of the Company.

OPPORTUNITIES AND THREATS

Your company has got good demand for its products due to high quality standards. The company can produce almost 570 MT per year if work at its full capacity. However, the Company is not producing the sufficient quantity of products due to scarcity of the Working Capital. At the same time, many potential markets are untapped due to shortage of raw material. In spite of all odds, the Company is still enjoying the reputation on grounds of quality.

Our raw materials are petro- based products. In the current year also oil prices remained all time high. This has resulted in increasing the raw material prices considerably. As the market could not absorb all the raw material prices, resulted into loss of sale and company profit margin.

Your management is of the opinion that the following determining factors of Opportunities and Threats, would play a vital role in case of your company.

Factor for Opportunity

1. Additional production capacity to meet the market demand and achieve economics of scale.
2. Use of latest technology to facilitate further reduction in wastages and improvement in quality.
3. The company has brand equity and a reputation in the industry for producing quality products, its continuous service and customer care.
4. The Company is a pioneer in plastic industry.

Factor for Threats

1. Your company faces competition from the unorganized sector in the industry.
2. Your company faces adversity due to volatile raw material prices.
3. Your company suffers from huge amount of power shortage. Due to the power- cutting all over state, Company suffered huge amount of production loss during the current year. The same trend will continue in the next year also as the State is not having adequate power generating capacity

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:

The Company has a compact organization Structure which helps it run business operation smoothly. The Company has adequate internal control system, commensurate with the size and nature of its operations. Audit Committee, the details of which has been provided in the Corporate Governance Report has been entrusted with detailed terms of reference to review and look into proper recording of transactions and preparation of financial statement. One of the important functions of the Audit Committee is to review the adequacy of internal control systems and compliance thereof.

HUMAN RESOURCES DEVELOPMENT:

The inter- personal relations of the employees have been very cordial throughout the year.



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CAUTIONARY STATEMENT:

Your Company is facing a financial crunch and because of same your company can not fulfill huge demand from domestic as well as international market. At the same time due to shortage of working capital funds the continuity of the production breaks frequently resulting into heavy wastage. All this may resulted into diversion of our customers to our competitors.

**For and on behalf of the Board
For GARWARE SYNTHETICS LIMITED**

Sd/-

**Sundar K. Moolya
Director**

Sd/-

**Santosh Borkar
Director**

**Place: Mumbai
Date: 24th August, 2012**

CORPORATE GOVERNANCE REPORT

1. Company's Philosophy on the code of Corporate Governance

Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability and commitment of values. Good Governance practices stem from the quality and mindset of the organization. It has been a constant endeavour on the part of the Company to achieve excellence in Corporate Governance.

Corporate governance aims at fairness, transparency, accountability and responsibility in the functioning of the Company with the ultimate objective of realizing and enhancing shareholders values. The Company's philosophy on the code of Corporate Governance is tuned to these aspects and to the philosophy of Garware Synthetics, which is:

- (i) To ensure that adequate control systems exist to enable the Board in effectively discharging its responsibilities to all the stakeholders of the Company;
- (ii) To ensure that the decision making process is fair and transparent;
- (iii) To ensure the fullest commitment of the Management and the Board for the maximization of shareholder value;
- (iv) To ensure that the employees of the Company subscribe to the corporate values and apply them in their conduct and
- (v) To ensure that the Company follows globally recognized governance practices.

2. Board of Directors (Board):

Composition of the Board

The Company has optimum combination of executive and Non-Executive Directors. The Board comprises of 4 Directors of whom 2 are Independent Director and 2 are Executive Director. The Chairman of the Board is an Executive Director and promoter of the Company the composition of the Board of Directors of the Company is in accordance with the provisions of Clause 49 of the Listing Agreement.

During the Financial Year, there has been no change among the Board of Director of the Company.

Composition of Board and category of Directors are as follows:

SR No.	Name of Director	Designation
1	Shri Sunder k Moolya	Whole Time Director
2	Shri Santosh Borkar	Executive Director
3	Shri Ramesh G Chandorkar	Independent and Non-Executive Director
4	Shri Kirti B Doshi	Independent and Non-Executive Director

Board Meeting

The Board of Director met 6 times during the year as required and gap between two Board Meetings does not exceed Four Months. Meetings of the Board of Directors and Scheduled well in advance and held at the Company's Registered Office. The Notice confirming the meeting and the detailed agenda are sent well in advance to all the Directors.

There were Six (6) Board Meeting held during the financial year ended on 31st March, 2012, namely on 15th April 2011, 16th June 2011, 30th August 2011, 10th November 2011, 09th January 2012, 14th March 2012 respectively.

Board Meeting and attendance

Attendance of each Director at the Board of Directors Meetings and the last Annual General Meeting and the number of other Directorship and Chairmanship/Membership of Board Committees (as on 31st March 2012):

Sr No	Name of the Director	Category*	Designation	Board Meeting attended	Attendance at the last AGM	No./ of Directorship in other Board # [excluding Garware Synthetics Limited]		No. of Chairmanship/Membership in other Board Committees excluding [Garware Synthetics Limited]	
						Public	Private	Chairmanship	Membership
1.	Shri Sunderk Moolya.	ED	Director	6	YES	-	3	-	2
2.	Shri Santosh Borkar.	ED	Director	6	YES	-	2	-	-
3.	Shri Ramesh G Chandorkar.	NEID	Director	3	YES	-	-	1	1
4.	Shri Kirti B Doshi	NEID	Director	2	YES	-	-	1	1

ED- Executive Director

NEID – Non-Executive and Independent Director

In India Companies, excluding Section 25 Companies

In audit, Recruitment and Remuneration and Share Transfer and Shareholders/ investors Grievance Committee of India Companies

None of Director of the Board serves as member of more than ten committees nor is Chairman of more than five committees across all Companies in which he is Director.

Committees considered for this purpose are those specified in Clause 49 of Listing Agreement i.e. Audit Committee and Shareholders or Investors Grievance Committee.

Details of Director being re-appointed:

As per the Companies Act, 1956 two third of the director are liable to retire by rotation. One third of these retiring director are required to retire every year by rotation and if eligible, these director qualify for re-appointment.

In accordance with clause 49 of Listing Agreement, Shri. Santosh Borkar retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offer himself for re-appointment.

1. Board Committees:

To enable better and more focused attention on the affairs of the Company, the Board delegates particular matters to Committees of the Board set up for purpose. These Committees prepare the groundwork for decision making and report at the subsequent Board Meeting.

(i) Audit Committee:

The Audit Committee of the Company comprises of 3 Director was formed in October, 2002 and has been reconstituted over the years as per the legal requirements from time to time. It consists of Two (2) Non-Executive Director as on 31st March, 2012.

The Audit Committee also invites at its meetings, senior executives including the Statutory Auditors of the Company. The representatives of the auditors are also invited to the meetings.

Terms of Reference

The Audit Committee, inter alia, reviews and reports to the Board on the following:

- Scope of Internal Audit
- Efficiency and effectiveness of financial operation
- Safeguard of assets and adequacy of provisions of all liabilities
- Compliance with legal and statutory requirements
- Periodical and yearly financial results of the Company before submission to the Board.
- Appointment and remuneration of Statutory and Internal auditor

The power and terms of reference of the Audit Committee are in accordance with the provisions of Clause 49 of Listing Agreement.

The Chairman of the Audit Committee attends the Annual General Meeting of the Company.

Composition and attendance during the financial year ended 31st March, 2012 :

The Committee met Four (4) times during the year under review. The said meetings were held on 15th April 2011, 18th August 2011, 10th October 2011, and 09th January 2012.

Sr. No.	Name of Director	Designation	Category	No. of meetings attended
1	Shri Ramesh G. Chandorkar	Chairman	NEID	4
2	Shri Kirti B Doshi	Member	NEID	3
3	Shri Santosh Borkar	Member	Director	4
4	Shri Bharat V Shah	Auditor	Permanent Invitee	NIL

REMUNERATION TO DIRECTORS:

Details of Remuneration to all the Directors for the financial year ended 31st March, 2012.

Executive Director

Name of Director	Salary (₹.)	Benefits (₹.)	PF Contribution (₹.)	Total (₹.)
Shri Sundar K. Moolya	2,25,600	-	-	2,25,600
Shri Santosh Borkar	1,48,860	-	8,496	1,57,356
Total (Rs.)	3,74,460	-	8,496	Rs. 3,82,956

(iii) Share Transfer and Shareholders/ Investors Grievance Committee:

The Board of Directors of the Company Constitutes Investor Grievance Committee and comprises of Two (2) Non- Executive Independent Directors to approve transfer of shares, splitting and consolidation of shares and issue of duplicate share certificates.

Composition of the Committee and attendance during the financial year ended 31st March, 2011:

Pursuant to Clause 49 (VI) of the Listing Agreement, the Committee has met two (2) times.

Sr. No.	Name of the Director	Designation	Category	No. of meeting attended
1	Shri Kirti B Doshi	Chairman	NEID	2
2	Shri Ramesh G Chandorkar	Member	NEID	2
3	Shri Santosh Borkar	Member	NEID	2

- ED - Executive Director
- NEID - Non- Executive and Independent Director
- MD - Managing Director
- C - Chairman

Name and Designation of compliance Officer:

Mr. Sanjay Dattatray Barve, Compliance Officer.

3. Other Qualitative Information:
(I) Internal Policies/ Codes adopted :

The Company has devised various internal policies for administering and controlling the information being dispersed through the organisational hierarchy. These include the Information Systems Security Policy, Policy of Prevention of Insider Trading and Anti Money Laundering Policy. Moreover, the Company has formulated a policy on Ethics and Integrity, which is binding on all the employees of the Company.

The Policy on Prevention of Insider Trading is based on the model Policy design by SEBI (Securities and Exchange Board of India) under SEBI (Prevention of Insider Trading Regulations, 1992 as amended on 20th February 2002 while the Policy, on Ethics and Integrity puts down in detail the ethical values for each and every employee of the organization. Other Policies viz. Information Systems Security Policy and Anti Money Laundering policy lay down the internal control procedures in the areas of information systems and money transactions respectively.

The Company has also formulated a Code of Conduct for the Board of Directors and Senior Management of the Company. An affirmation of the Managing Director regarding compliance with the Code of Conduct by all the Directors and Senior Management Personnel of the Company is annexed to this report.

4. Annual General Meetings:
Location and time where last three Annual general Meetings held:

Location	Date	Time
Manish Textiles Industrial Premises, Penkar Pada, Mira road (East) – 401 104, Dist. Thane, Maharashtra.	07 th December, 2009	9.00 AM
Manish Textiles Industrial Premises, Penkar Pada, Mira road (East) – 401 104, Dist. Thane, Maharashtra.	20 th September, 2010	9.00 AM
Manish Textiles Industrial Premises, Penkar Pada, Mira road (East) – 401 104, Dist. Thane, Maharashtra.	26 th September, 2011	9.00 AM

5. Disclosures :

- I) The Company has yet not complied with all the requirements of regulatory authorities on capital markets and therefore scripts of Company has been suspended from BSE.
- II) The Company has formulated a Policy on Ethics and Integrity, which is binding on all the employees of the Company and acts as a Whistleblower Policy and no personnel, has been denied access to the Audit committee.



6. General Shareholder Information :

Annual General Meeting	: 43rd Annual general Meeting
Date	: 28 th September, 2012
Time	:
Venue	: Manish Textiles Industrial Premises, Penkar Pada, Mira road (East) – 401 104, Dist. Thane, Maharashtra.
Financial Year	: 1 st April 2011 to 31 st March 2012
Book Closure	: 21 st September, 2012 to 27 th September, 2012
Dividend Payment Date	: NA
Registrar and Transfer Agents	: Universal Capital Securities Private Limited M/S. Mondkar Computers Private Limited. 21, Shakil Niwas, Mahakali Caves Road, Andheri (E), Mumbai – 400 093. Tel No. : 91-22-2579 2724 Fax no. : 91-22-2579 3003

Share Transfer Systems:

Share transfer is normally affected within a maximum period of 30 days from the date of receipt, if all the required documentation is submitted. All share transfers are approved by the Share Transfer and Shareholders/ Investors Grievance Committee which meets every fortnight.

(a) Distribution of Equity Shareholding (as on 31st March, 2012):

Range of Holding	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholdings
1 TO 5000	15434	99.924	2353417	42.42
5001 TO 10000	0	0.000	0	0
10001 TO 20000	2	0.01	(25300)	0.45
20001 TO 30000	0	0.000	0	0
30001 TO 40000	0	0.000	0	0
40001 TO 50000	1	0.006	48600	0.87
50001 TO 100000	3	0.01	262800	4.73
GREATER THAN 100000	7	0.05	2858783	51.52
TOTAL	15447	100	5548900	100

(b) Categories of Shareholders (as on 31st March, 2012):

Sr. No.	Shares held by	No. of Shares held	% of Shareholding
A	Promoters Holding		
1	Promoters		
	- Indian Promoters	2580283	46.501
	- foreign Promoters	-	-
2	Person acting in a concert #	-	-
	Sub – Total	2580283	46.501
B	Non-Promoters Holding	-	-
3	Institutional investors	-	-
a.	Mutual Funds and UTI	-	-
b.	Banks, Financial Institutions, Insurance Companies	400	0.007
	(Central / State Govt. Institutions / Non-Govt.Inst.)		
c.	FIIS	-	-
	Sub – Total	400	0.007
4.	Others		
a.	Private Corporate Bodies	652417 (652017)	11.76
b.	Indian public	2160100 (2160700)	38.93
c.	NRIs / OCBC	155700 (155500)	2.81
d.	Any Other	-	-
	Sub – Total	2968217	53.50
	Grand Total :	5548900	100.00
	Total Foreign Shareholding	15700 (15444)	2.81

DECLARATION – COMPLIANCE WITH THE CODE OF CONDUCT

In accordance with clause 49 of the Listing Agreement with the Stock Exchanges. Mr. Sunder Moolya, Chairman & Executive Director of the Company, hereby declare that the Board Members and senior Management Personnel have affirmed compliance with the said Code of Conduct, as mentioned in this report, for the year ended 31st March, 2012.

**For and on behalf of the Board
For GARWARE SYNTHETICS LIMITED**

Sd/-

**Sundar K. Moolya
Chairman & Executive Director**

**For and on behalf of the Board
For GARWARE SYNTHETICS LIMITED**

Sd/-

**Sundar K. Moolya
Director**

Sd/-

**Santosh Borkar
Director**

Place: Mumbai
Date: 24th August, 2012



DIRECTORS CERTIFICATION

To,
**The Board of the Directors,
Garware Synthetics Limited**

We hereby certify to the Board that;

- A.** We have received the Financial Statements and the Cash Flow Statements for the year 2011-2012 and that to the best of our knowledge and belief :
- (I) These statements do not contain any materially untrue or misleading statements nor does it omits any material fact.
 - (II) These statements together present a true and fair view of Companies affairs and are in Compliance with existing Accounting Standards, Applicable Laws and Regulations.
- B.** There are to the best of our knowledge and belief, no transactions entered into by the Company during the year 2011-2012 which are fraudulent, illegal or violative of the Company Code of Conduct.
- C.** We accept the responsibility for establishing and maintaining the internal controls for the Financial Reporting and that we have evaluated the effectiveness of the internal control system of the Company pertaining to the financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operations of such a internal control, if any, of which we are aware and steps we have taken or proposed to take to rectify these deficiencies.
- D.** We have indicated to the Auditors and Audit Committee:
- (I) Significant changes in the internal control over financial reporting during the year 2010- 11.
 - (II) Significant changes in the accounting policies during the year 2010-11and that the same have been incorporated in the notes to the financial statements and
 - (III) Instances of significant fraud, if any of which we have become aware, and involvement therein if any, of the Management or an Employee having significant role in Companies internal control system over a financial reporting.

**For and on behalf of the Board
For GARWARE SYNTHETICS LIMITED**

Sd/-

**Sundar K. Moolya
Director**

Sd/-

**Santosh Borkar
Director**

**Place: Mumbai
Date: 24th August, 2011**

AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE
Certificate of Compliance of Corporate Governance as per Clause 49 of the Listing Agreement with the Stock Exchanges.

**To the Members of
GARWARE SYNTHETICS LIMITED.**

We have examined the Compliance of conditions of Corporate Governance by **GARWARE SYNTHETICS LIMITED** (hereinafter referred to as the Company) for the year ended on 31st March, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges. The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the Compliance with the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements 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, subject to the following:

1. The results of all the Four quarters have not been submitted to the Stock Exchanges.
2. Non publication of quarterly results in the English and Regional language newspapers.

We certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

**FOR B. V. SHAH and ASSOCIATES
CHARTERED ACCOUNTANTS**

Sd/-

**BHARAT V. SHAH
PROPRIETOR
M. NO.: 040210**

**Place: Mumbai
Date: 24th August, 2012**

AUDITORS REPORT

To,
The Members of
M/S GARWARE SYNTHETICS LIMITED.

1. We have audited Balance Sheet of GARWARE SYNTHETICS LIMITED as at 31st March, 2012 and also the annexed Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date. 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.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards required 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 presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. 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 and on the basis of such checks as we considered appropriate, and according to the information and explanation given to us, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable to the Company.
4. Further to our comments in the Annexure referred to in paragraph 2 above, we report 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 the books of account.
 - c) The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in compliance with the accounting standards referred to in sub section (3c) of Section 211 of the Companies Act, 1956.
 - e) As per the information and explanation given to us, all the Directors of the Company are qualified from being appointed as Directors in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
5. We further report that -
 - a) The Accounts have been prepared on going concern basis.
 - b) Subject to Para (a) above, we are of the opinion, that to the best of our information and according to the explanation given to us the accounts read together with the accounting policies and the notes thereon, give 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.
 - c) In the case of Balance Sheet of the State of affairs of the Company as at 31.03.2012 and

- d) In the case of the Profit and Loss Account, of the Profit for the year ended on that date.
- e) In so far as it relates to the Cash Flow Statement of the Cash Flow for the year ended on that date.

For B.V.Shah & Associates
Chartered Accountants

Sd/-

Bharat V. Shah
Proprietor
M No. 040210
Place: Mumbai
Date: 24th August, 2012



ANNEXURE REFERRED TO IN PARAGRAPH 3 OF AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF GARWARE SYNTHETICS LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012.

1. In respect of its fixed assets:

- a. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of information available.
- b. According to the information and explanations given to us, the fixed assets have been physically verified by the management during the year in a phased periodic manner, which in our opinion is reasonable, having regard to the size of the Company and nature of the assets. No material discrepancies were noticed on such verification. However the fixed assets include land & Building. The title of the same is under dispute and the case is pending with the court of law.
- c. The Company has not disposed off any substantial part of fixed assets that would affect the going concern status of the Company.

2. In respect of its inventories:

- a. The inventory has been physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable.
- b. The procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business.
- c. The company has maintained proper records of inventory. As explained to us, the discrepancies noticed in physical verification of the stock as compared to book records were not material and the same have been properly dealt with in the books of accounts.

3. In respect of loans covered under Section 301 of the Companies Act, 1956.

- a. As per the information and explanation given to us and the records produced to us for our verification, the company has granted/taken interest-free loans, to a Company listed in the register maintained under Section 301 and also to directors in which no stipulation has been made as to repayment of principal.
 - b. The Company has taken any loans, secured or unsecured, during the current financial year from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 to repay its outstanding bank liabilities.
 - c. The loan given by the Company are not prima facie prejudicial to the interest of the Company.
4. 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 the purchases of inventories, fixed assets and with regard to sale of goods. As per the information given to us, no major weaknesses in the internal controls have been identified by the management during the year. During the course of our audit, nothing had come to our notice that may suggest a major weakness in the internal control systems of the company;

5. In respect of transactions covered under Section 301 of the Companies Act, 1956.



- a. In our opinion and according to the information and explanations given to us, no any such the transactions made in pursuance of contracts or arrangements, that needed to be entered into the register maintained under Section 301 of the Companies Act, 1956.
 - b. In our opinion and according to the information and explanations given to us, there are no transactions in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 aggregating during the year to Rs.5,00,000/- (Rupees Five Lakhs Only) or more in respect of any party.
6. During the year the Company has not accepted any deposits under the provisions of Section 58 A, 58 AA of the Companies Act 1956 and the Rules framed there under.
 7. The Company has Internal Audit system, which in our opinion is commensurate with the size and nature of its business.
 8. As per the explanation given to us, the company has not prepared the Cost records pursuant to the Rules made by the Central Government for maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 for the year 2010-11.

9. In respect of statutory dues:

- a. According to the information and explanations given to us, undisputed statutory dues including Provident Fund, E.S.I.C., Profession Tax, Investor Education and Protection Fund, Income Tax, TDS, Wealth Tax, Custom Duty, Cess and other material statutory dues applicable to it have not been regularly deposited with the appropriate authorities.
- b. According to the information and explanation given to us, undisputed amounts payable in respect of income tax, wealth tax, customs duty, excise duty and cess and various other authorities were in arrears as at 31.03.2012 for a period of more than six months from the date they became payable is **Rs.223.67 lakhs**.
- c. According to the information and explanation given to us, there are no dues to sales tax, income tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute, except the cases give below :

Sr. No	Name of the Statute	Nature of dues	Amount of Dispute (Net) (In Lakhs)	Forum where dispute is pending
1	Sales Tax	Sales Tax	4.21	Deputy Commissioner of Sales Tax

Sr No.	Year	Bombay Sales Tax (BST)	Central Sales Tax (CST)	Forum where Dispute is pending
1	2001 - 02	34,80,294	7,70,246	Deputy Commissioner of Sales Tax
2	2002 - 03	33,16,840	11,15,852	Deputy Commissioner of Sales Tax
3	2003 - 04	62,22,840	50,98,890	Deputy Commissioner of Sales Tax
4	2004 - 05	19,48,300	9,46,532	Deputy Commissioner of Sales Tax



10. In our opinion, the accumulated losses are more than fifty percent of its net worth. The company has incurred cash losses during the financial year covered in the audit and also in the immediately preceding financial year.
11. The Company has not defaulted in repayment of dues to a financial institutions and bank. The Company has not issued any Debentures.
12. The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a chit fund / nidhi / mutual benefit fund / society therefore the provision of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
14. The Company has not dealt or traded in shares, securities, debentures or other investments during the year.
15. As per the information and explanation given to us the Company has given guarantees for loan taken from UTI, the terms and conditions whereof are prima facie prejudicial to the interest of the company. However, the said loan is defaulted.
16. The Company has not raised any new term loan during the year.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that no funds raised on long term basis have been used for short term investment and funds raised on short term basis have been used for short term purposes except to the extent of accumulated losses.
18. According to the information and explanations given to us, the Company has not made preferential allotment of equity and preference shares to companies covered in the register maintained under Section 301 of the Companies Act 1956.
19. The Company has not issued any debenture during the year.
20. The Company has not raised any money by public issue during the year.
21. As per the information and explanations given to us and on the basis of examination of records, no material fraud on or by the company was noticed or reported during the year.

For B.V. Shah & Associates
Chartered Accountants

Sd/-

Bharat V. Shah
Proprietor
M No. 040210
Place : Mumbai
Date : 24th August, 2012



Balance Sheet as on March 31, 2012

Particulars		Note No.	2011-12	2010-11
			₹	₹
A EQUITY AND LIABILITIES				
1 Shareholders' funds				
(a) Share capital	1	55,489,000	55,489,000	
(b) Reserves and surplus	2	(102,632,248)	(104,031,598)	
2 Share application money pending allotment		25,000,000	-	
3 Non-current liabilities				
(a) Long-term borrowings	3	37,678,787	60,451,819	
(b) Other long-term liabilities	5	44,620,514	44,609,014	
(c) Long-term provisions	6	7,820,025	8,987,333	
4 Current liabilities				
(a) Short-term borrowings	7	10,447,236	5,180,669	
(b) Trade payables	8	24,265,656	25,938,830	
(c) Other current liabilities	9	31,131,013	30,702,555	
(d) Short-term provisions	10	229,070	75,999	
	TOTAL	134,049,053	127,403,617	
B ASSETS				
1 Non-current assets				
(a) Fixed assets	11			
(i) Tangible assets		107,335,890	107,800,631	
(ii) Intangible assets		34,942	-	
(b) Non-current investments	12	9,000,750	9,000,750	
(c) Deferred tax assets (net)	4	1,765,111	-	
(d) Long-term loans and advances	13	866,506	866,506	
2 Current assets				
(a) Inventories	14	6,641,464	3,941,133	
(b) Trade receivables	15	5,595,655	2,490,358	
(c) Cash and cash equivalents	16	574,321	1,106,706	
(d) Short-term loans and advances	17	2,234,413	2,197,533	
	TOTAL	134,049,053	127,403,617	
C NOTES FORMING PART OF THE FINANCIAL STATEMENTS				
In terms of our report attached. For B. V. SHAH & ASSOCIATES Chartered Accountants		For and on behalf of the Board of Directors		
Sd/- BHARAT V. SHAH Proprietor		Sd/- Sundar Moolya Whole Time Director	Sd/- Santosh Borkar Executive Director	
Place : Mumbai Date : 24/08/2012		Place : Mumbai Date : 24/08/2012		



Statement of Profit & Loss for the year ended March 31, 2012

Particulars	Note No.	2011-12	2010-11
		₹	₹
A CONTINUING OPERATIONS			
1 Revenue from operations (gross)	18	83,715,707	59,946,952
Less: Excise duty		7,336,105	5,451,005
Revenue from operations (net)		76,379,602	54,495,947
2 Other income	19	3,845,835	500
3 Total revenue (1+2)		80,225,437	54,496,447
4 Expenses			
(a) Cost of materials consumed	20	50,398,992	33,339,740
(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	21	(1,991,946)	(294,378)
(c) Employee benefits expense	22	10,666,917	7,631,966
(d) Finance costs	23	45,498	2,500
(e) Depreciation and amortisation expense	11	483,536	483,938
(f) Other expenses	24	14,118,114	12,544,664
Total expenses		73,721,111	53,708,430
5 Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		6,504,326	788,017
6 Exceptional items	25	6,870,087	(1,981,862)
7 Profit / (Loss) before extraordinary items and tax (5 ± 6)		(365,761)	2,769,879
8 Profit / (Loss) before tax (7 ± 8)		(365,761)	2,769,879
9 Tax Expense:			
(a) Deferred tax Asset	4	1,765,111	-
10 Profit / (Loss) for the year (8 ± 9)		1,399,350	2,769,879
11 Earnings per share			
(a) Basic		-	0.50
(b) Diluted		-	-
12 Earnings per share (excluding extraordinary items)			
(a) Basic		1.17	0.14
(b) Diluted		-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

In terms of our report attached.

For B. V. SHAH & ASSOCIATES
Chartered Accountants

For and on behalf of the Board of Directors

Sd/-
BHARAT V. SHAH
Proprietor

Sd/-
Sundar Moolya
Whole Time Director

Sd/-
Santosh Borkar
Executive Director

Place : Mumbai
Date : 24/08/2012

Place : Mumbai
Date : 24/08/2012

Cash Flow Statement for the year ended March 31, 2012

Particulars	2011-2012	2010-2011
	₹	₹
A. Cash flow from operating activities		
Net Profit / (Loss) before extraordinary items and tax	6504326	788017
Adjustments for:		
Depreciation and amortisation	483536	483938
Liabilities / provisions no longer required written back	(548308)	-
Finance costs	45498	2500
	6485052	1274455
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	(2700331)	(2020528)
Trade receivables	(3105298)	(477208)
Short-term loans and advances	(36880)	(118797)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	(1673174)	422525
Other current liabilities	428458	(351147)
Short-term provisions	153071	-
	(449102)	(1270700)
Cash flow from extraordinary items	(6870087)	1981862
Net cash flow from / (used in) operating activities (A)	(7319189)	711162
B. Cash flow from investing activities		
Fixed Assets Purchased	(53733)	(13700)
Net cash flow from / (used in) investing activities (B)	(53733)	(13700)
C. Cash flow from financing activities		
Share application money received	25000000	-
Proceeds from long-term borrowings	17967462	-
Repayment of long-term borrowings	(40728994)	-
Proceeds from other short-term borrowings	5266567	-
Repayment of other short-term borrowings	-	(1060440)
Gratuity Paid	(619000)	-
Finance cost	(45498)	(2500)
Net cash flow from / (used in) financing activities (C)	6840537	(1062940)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	(532385)	(365478)
Cash and cash equivalents at the beginning of the year	1106706	1472184
Cash and cash equivalents at the end of the year *	574321	1106706
* Comprises:		
(a) Cash on hand	45505	19912
(b) Balances with banks		
(i) In current accounts	277816	183022
(ii) In earmarked accounts (Refer Note (ii) below)	250000	902772
(c) Others (Deposit with Post Office)	1000	1000
	574321	1106706

Notes:

- (i) The Cash Flow Statement reflects the combined cash flows pertaining to continuing and discounting operations.
 (ii) These earmarked account balances with banks can be utilised only for the specific identified purposes.

In terms of our report attached.

For B. V. SHAH & ASSOCIATES
 Chartered Accountants

 Sd/-
BHARAT V. SHAH
 Proprietor

 Place : Mumbai
 Date : 24/08/2012

For and on behalf of the Board of Directors

 Sd/-
Sundar Moolya
 Whole Time Director

 Place : Mumbai
 Date : 24/08/2012

 Sd/-
Santosh Borkar
 Executive Director



Note 1 Share capital

Particulars	2011-12		2010-11	
	Number of shares	₹	Number of shares	₹
(a) Authorised Share Capital				
Equity shares of ₹ 10/- each	9,955,000	99,500,000	9,955,000	99,500,000
13.5 % Non Cumulative Redeemable preference shares of ₹100/- each	5,000	500,000	5,000	500,000
		100,000,000		100,000,000
(b) Issued, Subscribed and fully paid up				
Equity shares of ₹ 10/- each	5,548,900	55,489,000	5,548,900	55,489,000
		55,489,000		55,489,000

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	2011-12		2010-11	
	Number of shares	₹	Number of shares	₹
Equity Shares				
Opening Balance	5,548,900	55,489,000	5,548,900	55,489,000
Closing Balance	5,548,900	55,489,000	5,548,900	55,489,000



Particulars	2011-12	2010-11
	₹	₹
Note 2 Reserves and surplus		
(a) Capital reserve		
Opening balance	87,182,309	87,182,309
Closing balance	87,182,309	87,182,309
(b) Securities premium account		
Opening balance	11,669,500	11,669,500
Closing balance	11,669,500	11,669,500
(c) Investment allowance reserve		
Opening balance	1,056,100	1,056,100
Closing balance	1,056,100	1,056,100
(d) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	(203,939,507)	(206,709,386)
Add: Profit / (Loss) for the year	1,399,350	2,769,879
Closing balance	(202,540,157)	(203,939,507)
TOTAL (A+B+C+D)	(102,632,248)	(104,031,598)
Note 3 Long-term borrowings		
(a) Term loans		
From banks		
Secured	-	11,700,000
Unsecured	10,057,316	10,057,316
(b) Deferred payment liabilities		
Secured	-	4,225,219
Unsecured	1,265,509	1,265,509
(c) Deposits		
Secured	6,500,000	6,500,000
Unsecured		
(d) Loans and advances from related parties		
Unsecured	9,858,462	-
(e) Other loans and advances		
Unsecured	9,997,500	26,703,775
Total	37,678,787	60,451,819
Note 4 Deffered Tax Assets (Net)		
Tax effect of items constituting deferred tax assets		
i) Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961		
1. Rent	823,176	-
2. Commission paid	16,669	-
3. Professional fees	126,134	-
4. Job work	405,563	-
ii) On difference between Depreciation as per book and as per IT act.	93,539	-
iii) Unabsorbed depreciation carried forward	300,031	-
Tax effect of items constituting deferred tax assets	1,765,111	-
Net deferred tax (liability) / asset	1,765,111	-



Particulars	2011-12	2010-11
	₹	₹
Note 5 Other long-term liabilities		
(a) Others:		
(i) Advances from customers	91,477	91,477
(ii) Others (specify nature)	1,150,000	1,138,500
(iii) Advances on legal matter of Property	43,379,037	43,379,037
Total	44,620,514	44,609,014
Note 6 Long-term provisions		
(a) Provision for employee benefits:		
(i) Provision for gratuity (net)	7,820,025	8,439,025
(ii) Provision for other Employee Benefits	-	548,308
Total	7,820,025	8,987,333
Note 7 Short-term borrowings		
(a) Loans and advances from related parties		
Unsecured	10,447,236	5,180,669
Total	10,447,236	5,180,669
Note 8 Trade payables		
Trade payables:		
Other than Acceptances	24,265,656	25,938,830
Total	24,265,656	25,938,830
Note 9 Other current liabilities		
(a) <u>Other payables</u>		
(i) Statutory remittances (Contributions to PF and ESIC, Professional Tax, Excise Duty, VAT, Service Tax, TDS etc.)	30,337,164	30,145,979
(ii) Others (Salary Payable)	793,849	556,576
Total	31,131,013	30,702,555
Note 10 Short-term provisions		
(a) Provision for employee benefits:		
(i) Provision for bonus	-	(220,801)
(ii) Provision for gratuity (net)	-	(220,801)
(b) Provision - Others:		
(i) Provision - others (Audit fees payable)	229,070	296,800
	229,070	296,800
Total	229,070	75,999



Sr. No.	Particulars	Gross Block at cost			Depreciation			Net Block		
		As on 01.04.2011	Addition	Deductions	As on 31.03.2012	As on 01.04.2011	For the year	Deduction	As on 31.03.2012	As on 31.03.2011
(1)	TANGIBLE ASSETS									
1	LAND	100995561	-	-	100995561	-	-	-	100995561	100995561
	Freehold Land	100000000	-	-	100000000	-	-	-	100000000	100000000
	Leasehold Land	995561	-	-	995561	-	-	-	995561	995561
2	BUILDING	71,23,859	-	-	71,23,859	2,37,937	-	45,71,206	25,52,653	27,90,590
	Factory Building	71,23,859	-	-	71,23,859	2,37,937	-	45,71,206	25,52,653	27,90,590
3	PLANT & MACHINERY	5,77,30,030	-	-	5,77,30,030	2,10,960	-	5,41,81,942	35,48,088	37,59,048
	Revalued	44,41,267	-	-	44,41,267	2,10,960	-	35,57,616	8,83,651	10,94,611
	Revalued Others	66,61,902	-	-	66,61,902	-	-	63,28,808	3,33,094	3,33,094
	Revaluation 1	22,31,968	-	-	21,20,370	-	-	21,20,370	1,11,598	1,11,598
	Revaluation 2	4,43,94,893	-	-	4,43,94,893	-	-	4,21,75,148	22,19,745	22,19,745
4	FURNITURE & FIXTURES	1,34,529	-	-	1,34,529	8,516	-	1,14,364	20,165	28,681
	Furniture & Fixtures Others	1,34,529	-	-	1,34,529	8,516	-	1,14,364	20,165	28,681
5	OFFICE EQUIPMENTS	11,57,489	13,233	-	11,70,722	3,428	-	10,90,192	80,530	70,725
	After 1.4.78	13,700	-	-	13,700	2,221	-	2,385	11,315	13,536
	Revalued	11,43,789	13,233	-	11,57,022	1,207	-	10,87,807	69,215	57,189
6	ELECTRICAL INSTALLATIONS	5,13,076	-	-	5,13,076	17,137	-	3,74,185	1,38,891	1,56,028
	ELECTRICAL FITTINGS AFTER 1.4.78	5,13,076	-	-	5,13,076	17,137	-	3,74,185	1,38,891	1,56,028
(II)	INTANGIBLE ASSETS									
1	COMPUTER SOFTWARE		40,500	-	40,500	5,558	-	5,558	34,942	-
	TOTAL	167654544	53733	-	167708277	483536	-	60337446	107370832	107800633
	Previous Year	167640842	13700	-	167654542	483938	-	59853911	107800631	108270869



Particulars	2011-12	2010-11
	₹	₹
Note 12 Non-current investments		
Investments (At cost):		
A. Trade		
(a) Investment in equity instruments (give details separately for fully / partly paid up instruments)		
(i) of associates		
90,000 (Previous Year - 90,000) shares of ₹ 100 each fully paid up in Nihal Cast Nylon Pvt. Ltd. Ltd.	9,000,000	9,000,000
(ii) of other entities		
25 (P.Y. 25) Equity shares of Rs. 10/- each of North Bombay Central Co-operative Consumer Wholesale & Retail Stores Limited	250	250
20 (P.Y. 20) Equity shares of Rs. 25/- each of Raghuvanshi Co-op Bank Ltd.	500	500
TOTAL	9,000,750	9,000,750
Aggregate amount of unquoted investments	9,000,000	9,000,000
Note 13 Long-term loans and advances		
(a) Security deposits		
Secured, considered good	56,300	56,300
(b) Loans and advances to related parties		
Unsecured, considered good	810,206	810,206
Total	866,506	866,506
Note 14 Inventories		
(a) Raw materials	2,549,435	1,841,050
(b) Work-in-progress	936,590	764,363
(c) Finished goods (other than those acquired for trading)	2,489,694	1,045,820
(d) Stores and spares	665,745	289,900
Total	6,641,464	3,941,133
* Inventories are carried at the lower of cost and net realisable value.		
Note 15 Trade receivables		
Other Trade receivables		
Unsecured, considered good	5,595,655	2,490,358
Total	5,595,655	2,490,358
Note 16 Cash and cash equivalents @		
(a) Cash on hand	45,505	19,912
(b) Balances with banks		
(i) In current accounts	277,816	183,022
(iv) In earmarked accounts		
- Balances held as margin money or security against borrowings, guarantees and other commitments	250,000	902,772
(c) Others (Post Office)	1,000	1,000
Total	574,321	1,106,706
Note 17 Short-term loans and advances		
(a) Loans and advances to related parties		
Unsecured, considered good	19,248	-
(c) Loans and advances to employees/Others		
Unsecured, considered good	850,286	-
(b) Balances with government authorities		
Unsecured, considered good		
(i) CENVAT credit receivable	179,798	1,716,206
(ii) VAT credit receivable	760,885	96,549
(iii) Excise Authority	-	384,778
(iv) Tax Deducted at Source-considered good	424,196	-
Total	2,234,413	2,197,533



Particulars	2011-12	2010-11
	₹	₹
Note 18 Revenue from operations		
(a) Sale of products	83,715,707	59,946,952
Less:		
(a) Excise duty	7,336,105	5,451,005
Total	76,379,602	54,495,947
Note 19 Other non-operating income		
Commission Received	3,845,835	500
Total	3,845,835	500
Note 20 Cost of materials consumed		
Opening stock	1,841,050	114,900
Add: Purchases	51,107,377	35,065,890
	52,948,427	35,180,790
Less: Closing stock	2,549,435	1,841,050
Cost of material consumed	50,398,992	33,339,740
Note 21 Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Inventories at the end of the year:		
Finished goods	2,489,694	1,045,820
Work-in-progress	936,590	764,363
Stores & Spares	665,745	289,900
	4,092,029	2,100,083
Inventories at the beginning of the year:		
Finished goods	1,045,820	1,176,405
Work-in-progress	764,363	301,900
Stores & Spares	289,900	327,400
	2,100,083	1,805,705
Net (increase) / decrease	(1,991,946)	(294,378)
Note 22 Employee benefits expenses		
Salaries and wages	9,076,253	6,664,654
Contributions to provident and other funds	1,227,109	652,618
Staff welfare expenses **	63,555	14,694
Provision for Gratuity	300,000	300,000
Total	10,666,917	7,631,966
Note 23 Finance costs		
(a) Interest expense on:		
(iii) Others		
- Others (give details)	45,498	2,500
Total	45,498	2,500



Particulars	2011-12	2010-11
	₹	₹
Note 24 Other expenses		
Cess Paid (MBNC - A/C Cess)	160,175	-
Consumption of stores and spare parts	681,752	402,766
Consumption of packing materials @	618,322	465,386
Office Expenses	319,088	388,385
Jobwork	1,312,500	1,912,250
Factory Expenses	123,036	-
General Charges	278,651	397,910
Power and fuel	5,788,624	5,314,078
Water *	57,673	64,321
Rent including lease rentals	2,718,998	2,520,000
Repairs and maintenance - Machinery	125,338	182,724
Share Transfer Charges	114,555	22,662
Insurance	8,725	-
Communication *	134,197	67,747
Travelling and conveyance *	225,972	104,623
Printing and stationery*	37,238	23,018
Freight and forwarding *	392,904	262,981
Sales commission *	64,445	2,000
Sales discount *	65,000	-
Donations and contributions	1,100	-
Legal and professional *	457,239	49,000
Payments to auditors	75,000	66,180
Watch & Ward expenses	162,500	126,000
Miscellaneous expenses *	195,082	172,635
Total	14,118,114	12,544,666
Note 25 Exceptional items		
Prior period expenses / (Income)		
Loss/(Gain) from one time settlement of Bank Term Loans	2,610,176	
Provision for Statutory Dues write off	2,960,497	
Others unbooked expenses/(Incomes)	1,299,414	(1,981,862)
Total	6,870,087	(1,981,862)



SIGNIFICANT ACCOUNTING POLICY

A. Basis of preparation

1. These financial statement have been prepared in accordance with the generally accepted accounting principles in India under historical cost convention on accrual basis.
2. The Company generally follows mercantile system of Accounting

B. Revenue Recognition

Sales and Purchase are net of VAT and CST

C. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statement and the reported amounts of revenue and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/ materialised.

D. Fixed Assets

Assets are stated at original cost of acquisition and installation less Depreciation.

E. Depreciation

Depreciation on fixed assets is provided on straight line method at the rate and in the manner prescribed in Schedules XIV of the Companies act, 1956.

- On written down value method on all assets purchased before 01.04.78
- On Straight line method on the original cost and additions on revaluation for all assets purchased after 31.03.78
- Depreciation on addition of assets is calculated on pro-rata basis.

F. Investment

Long Term Investments are stated at cost. Provision for diminution in the value of the investments is made, only if such a decline is other than of a temporary nature in the opinion of the management.

G. Inventories

Inventories are valued as under :

- Raw Materials, Packing Materials, Stores and Spares are valued at cost on FIFO basis after making provision for obsolescence and un-serviceability.
- STOCK - IN - PROCESS is valued at direct cost.
- FINISHED GOODS at lower of cost or net realisable value. Cost comprises Material cost, cost of conversion, other expenses incurred to bring the inventories to their current condition and location.

H. EMPLOYEE BENEFITS:

The Company is making payment of ESIC, Provident Fund and other statutory dues however, it has failed to deposit the same on due date.

I. Retirement Benefit

During the year provision are made in the books of accounts for the Retirement benefits.

J. Borrowing Cost

Interest and other borrowing costs whether on specific or general borrowings relatable to qualifying assets are capitalised. Other interest and borrowing costs are charged to revenue.

K. PROVISION FOR CURRENT AND DEFERRED TAX

Provision for current tax is made using the current tax rates and as per the provisions of Income Tax Act 1961.

Deferred tax resulting from "timing differences" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is reasonable certainty that the asset will be realised in future.



L. PROVISION OF CONTINGENT LIABILITIES

Provision involving substantial degree of estimation in measurement is recognized when there is present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes (if any).

M. Segment Reporting

Geographical Segment

Company's entire business is conducted within India but there are no separate reportable geographical segments.

N. Related Party Disclosure

The Company has entered into transaction with related parties during the current year, however the terms are not prejudicial to the interest of the company.

NOTES TO ACCOUNT

1. The balances of Sundry Debtors, Creditors and advances are subject to confirmation. Adjustment including provision/write off if any, required in accounts will be made on final reconciliation and/or settlement.
2. No provision has been made for tax in the absence of taxable profit.
3. In the absence of adequate information regarding the SSI Creditors, the Company is unable to give full particulars as required by Notification No. GSR - 376 (E) dated 22nd May 2002 issued by the Department of Company Affairs, Ministry of Law and Justice and Company Affairs.
4. Aggregate Managerial Remuneration under Section 198 of the Companies Act, 1956 paid or provided for during the year to the Whole time Director and other directors is Rs. 3,82,956/- (P.Y. Rs. 3,46,200/-).
5. **Contingent Liability Not provided:**
 - The Company is not enjoying any credit facilities from Bank Of Baroda and Indian Overseas Bank and there is no outstanding amount to its banker as full and final one time settlement is made during the year.
 - The company has filed an appeal with DART (Debt Appellate Recovery Tribunal) against Bank of Baroda for the surplus amount paid to the extent of Rs. 32.00 Lacs.
6. **Deferred Taxation**
 - Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits
 - In view of accounting standard 22, the incidence of Deferred Tax Assets on the company for the year under audit is Rs. 17,65,111/-

7. Revaluation of plant and machinery and building has been made during the year ended 31st March, 1992 on the basis of valuation report submitted by Mr. V.S. Pandit. The increase in value of these assets amounting to Rs. 14.79 Crores has been credited to the Capital Reserve.
8. Remuneration paid to Auditor during the Current Year is Rs. 84,720/- (P.Y. Rs. 66180/-).
9. Unless otherwise stated, In the opinion of the Board of Directors, the current assets, loans and advances are approximately of the value if realised in the ordinary course of business. The provisions for all known liabilities made are adequate and are neither short nor in excess of the amount reasonably necessary.
10. Revaluation of plant and machinery and building has been made during the year ended 31st March, 1992 on the basis of valuation report submitted by Mr. V.S. Pandit. The increase in value of these assets amounting to Rs. 14.79 Crores has been credited to the Capital Reserve.
11. Balances amounting to Rs. 5,27,816 /- (P.Y. 10,85,795/-) with various banks are subject to confirmation and reconciliation (if any).
12. Figures in Brackets in the Notes forming part of the accounts relate to the previous year.
13. Previous year figures have been re-grouped/re-arranged wherever necessary to make them comparable with current year figures.

As per our report of even date
For B.V.SHAH and ASSOCIATES
Chartered Accountants

For and on behalf of the Board

Sd/-

Bharat V. Shah
Proprietor
M. No. 040210
Place: Mumbai
Date: 24th August, 2012

Sd/-

Sunder K. Moolya
Whole Time Director

Sd/-

Santosh B. Borkar
Director



GARWARE
Synthetics Limited

Forty Third Annual Report 2011-12

GARWARE SYNTHETICS LIMITED

Registered Office: Manish Textiles Industrial Premises, Opposite Golden Chemical, Penkar Pada, Mira road , Mumbai – 401104.

ATTENDANCE SLIP

Forty Third Annual General Meeting scheduled on Friday 28th September, 2012 at 5.45 P.M. at Manish Textiles Industrial Premises, Opposite Golden Chemical, Penkar Pada, Mira road , Mumbai – 401104.

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

NAME & ADDRESS OF THE SHAREHOLDER

L/F NO.....

No. Of Shares:

.....
.....
.....
.....

I, hereby record my presence at the 43rd ANNUAL GENERAL MEETING of the Company scheduled on Friday 28th September, 2012 at 5.45 P.M. at Manish Textiles Industrial Premises, Opposite Golden Chemical, Penkar Pada, Mira road , Mumbai – 401104.

SIGNATURE OF THE SHAREHOLDER OR THE PROXY ATTENDING THE MEETING

.....
If Shareholder, please sign here

.....
If Proxy, please sign here

Note: The Copy of Annual Report may please be brought at the meeting hall.

------(TEAR HERE)-----

GARWARE SYNTHETICS LIMITED

Registered Office : Manish Textiles Industrial Premises, Opposite Golden Chemical, Penkar Pada, Mira road , Mumbai – 401104.

PROXY FORM

L. F. No.

I / We of being a member/members of GARWARE SYNTHETICS LIMITED hereby appoint of or failing him/her of as my/our proxy to vote for me/us on behalf at the 43rd Annual General Meeting of the Company to be held on 28th September, 2012 at 5.45 P.M. at Manish Textiles Industrial Premises, Opposite Golden Chemical, Penkar Pada, Mira road , Mumbai – 401104.

as witness my/our hand(s) this day of 2012.

(Signature of the shareholder)

Affix Rupee 1/- Revenue Stamp
--

Note – The Proxy must be returned so as to reach the Registered office of the Company not less than 48 hours before the time of holding the aforesaid meeting.