



Garware
Polyester Limited

ANNUAL REPORT
2012-13



BOARD OF DIRECTORS	: S. B. GARWARE : S. S. GARWARE (Mrs.) : DILIP J. THAKKAR : N. P. CHAPALGAONKAR : MONIKA GARWARE MODI (Mrs.) : SARITA GARWARE RAMSAY (Mrs.) : SONIA GARWARE (Ms.) : B. MORADIAN : M. S. ADSUL : M. C. AGARWAL (Dr.) : RAMESH. P. MAKHIJA : A. B. BHALERAO	<i>Chairman & Managing Director</i> <i>Vice Chairperson & Jt. Managing Director</i> <i>Jt. Managing Director</i> <i>Jt. Managing Director</i> <i>Director – Technical</i>
COMPANY SECRETARY & SR. GENERAL MANAGER	: Manoj Koul	
BANKERS	: Indian Overseas Bank : Dena Bank : The Federal Bank Limited	
AUDITORS	: Shah & Co. : Chartered Accountants : Chaturvedi & Shah : Chartered Accountants	
SOLICITORS & ADVOCATES	: Crawford Bayley & Co.	
REGISTERED OFFICE	: Naigaon, Post Waluj, : Aurangabad - 431 133.	
CORPORATE OFFICE	: Garware House, : 50-A, Swami Nityanand Marg, : Vile Parle (East), Mumbai 400 057.	
WORKS	: L-5 & L-6, Chikalthana Industrial Area, : Dr. Abasaheb Garware Marg, Aurangabad 431 210. : Naigaon, Post Waluj, Aurangabad 431 133. : A-1 & A-2, MIDC, Ambad, Nasik 422 010.	
OFFICES	: 204,DLF Tower B, Near Apollo Hospital, : Jasola, New Delhi 110 025. : 37/1B, Hazra Road, Kolkata 700 029. : Old No. 37, New No. 55, : Ambercrest, 4th Floor, Pantheon Road Lane, : Egmore, Chennai - 600 008.	
OVERSEAS BRANCH OFFICE	: Unit 2-17, The Plaza, : 535, Kings Road, London - SW10 0SZ.	
REGISTRARS & TRANSFER AGENTS	: Link Intime India Private Limited	

GREEN INITIATIVE IN CORPORATE GOVERNANCE

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

NOTICE

NOTICE IS HEREBY GIVEN THAT the 56th Annual General Meeting of the members of GARWARE POLYESTER LIMITED will be held at the Registered Office of the Company on Thursday, 26th September, 2013 at 11.30 a.m. at Naigaon, Post Waluj, Aurangabad - 431 133 to transact the following businesses:

Ordinary Business:

- 1 To receive, consider and adopt the audited Balance Sheet as at 31st March, 2013 and the Profit and Loss Account for the year ended on that date and the reports of the Board of Directors and the Auditors thereon.
- 2 To appoint a Director in place of Mrs. S. S. Garware, who retires by rotation and being eligible, offers herself for re-appointment.
- 3 To appoint a Director in place of Mrs. Sarita Garware Ramsay, who retires by rotation and being eligible, offers herself for re-appointment.
- 4 To appoint a Director in place of Mr. B. Moradian, who retires by rotation and being eligible, offers himself for re-appointment.
- 5 To appoint a Director in place of Dr. M. C. Agarwal, who retires by rotation and being eligible, offers himself for re-appointment.
- 6 To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:-

“RESOLVED THAT pursuant to the provisions of Section 224A of the Companies Act, 1956, M/s. Shah & Co., Chartered Accountants, Mumbai (Registration no. 109430W) the retiring auditors of the Company be and are hereby appointed as auditors of the Company to hold the office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on a remuneration as may be mutually agreed upon between the Board of Directors of the Company and auditors, plus travelling and out of pocket expenses actually incurred by the auditors in connection with the audit work”.

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 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactments thereof and such other statutory approvals as may be required, approval of the members be and 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, 2013, on such terms and conditions including remuneration as set out in the Explanatory Statement annexed to the notice convening this meeting.
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 Explanatory Statement to this resolution 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 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or

re-enactments thereof and such other statutory approvals as may be required, approval of the members be and is hereby accorded to the re-appointment of Mrs. Sarita Garware Ramsay as Joint Managing Director of the Company for a term of five years with effect from 1st November, 2013, on such terms and conditions including remuneration as set out in the Explanatory Statement annexed to the notice convening this meeting.

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. Sarita Garware Ramsay the remuneration as specified in the Explanatory Statement to this resolution 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 in partial modification of the Resolution Number 8 passed by the Members of the Company at the Annual General Meeting held on 5th September, 2012 and pursuant to Section 198, 269, 309, 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactments thereof and such other statutory approvals as may be required, approval of the members be and is hereby accorded to the revision in the payment of remuneration payable to Ms. Sonia Garware, Joint Managing Director with effect from 1st September, 2013, on such terms and conditions as set out in the Explanatory Statement annexed to the notice convening this meeting.

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. Sonia Garware the remuneration as specified in the Explanatory Statement to this resolution as and by way of minimum remuneration.”

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

“RESOLVED THAT subject to the provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactments thereof and such other statutory approvals as may be required, approval of the members be and is hereby accorded to the re-appointment of Mr. M. S. Adsul as a Whole-Time Director of the Company designated as Director-Technical for a term of 5 years with effect from 1st June, 2013 on such terms and conditions including remuneration as set out in the Explanatory Statement annexed to the notice convening this meeting.

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

By Order of the Board of Directors

Mumbai,
9th August, 2013

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

Manoj Koul
Company Secretary &
Sr. General Manager

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (the 'Meeting') IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND TO VOTE ONLY ON A POLL INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument appointing proxy should be deposited at the Registered Office of the Company not less than forty-eight hours before the time fixed for the Meeting.
3. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to Item No. 6 to 10 of the Notice is annexed hereto.
4. Members desiring any information on the business to be transacted at the Meeting are requested to write to the Company at least 10 days in advance to enable the Management to keep the information, as far as possible, ready at the Meeting.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, 16th September, 2013 to Thursday, 26th September, 2013 (both days inclusive).
6. Members are requested to notify immediately any change in their addresses directly to their Depository Participant in case they hold shares in dematerialized form or to the Company's Registrars & Share Transfer Agents, in case they hold shares in physical form.
7. Pursuant to the provisions of Sections 205A and 205C of the Companies Act, 1956, the dividend which remains unclaimed / unpaid for a period of seven years from the date of transfer to the respective unpaid dividend accounts, is required to be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government. Accordingly, the Company has transferred Rs. 4,55,340/- being unpaid and unclaimed dividend amount pertaining to the financial year 2004-05 on 17th November, 2012 to the Investor Education and Protection Fund of the Central Government.
The Ministry of Corporate Affairs (MCA) on 10th May, 2012 notified the IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012 (IEPF Rules). The objective of the IEPF Rules is to help the shareholders ascertain status of the unclaimed amounts and overcome the problems due to misplacement of intimation thereof by post etc. The Company has uploaded the information in respect of the Unclaimed Dividends for the financial years 2008-09 to 2010-11, as on the 55th Annual General Meeting (AGM) held on 5th September, 2012 on the website of IEPF viz. www.iepf.gov.in.
8. Unclaimed dividend for the Financial Years 2008-09, 2009-10, 2010-11 (Interim & Final) and 2011-12 are still lying in the respective unpaid dividend accounts of the Company. Members, who have not encashed the dividend warrants for the said financial years are requested to contact the Company's Registrar and Share Transfer Agents, Link Intime India Private Limited at the address provided in point no. 10 below.
9. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
10. Members holding shares in physical form are requested to forward all applications for transfer and all other shares related correspondence, including intimation for change of address, if any,

to the Registrars and Share Transfer Agents of the Company at the following address:

LINK INTIME INDIA PRIVATE LIMITED

(Unit: Garware Polyester Limited)
C-13, Pannalal Silk Mill Compound,
L .B.S. Marg, Bhandup (West),
Mumbai - 400 078.
Tel. No. 022-2594 6970, Fax : 022-2594 6969.

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

By Order of the Board of Directors

Mumbai,
9th August, 2013

Manoj Koul
*Company Secretary &
Sr. General Manager*

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

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

Item No. 6:

Since more than 25% of the subscribed share capital of the Company is held by public financial institutions/ nationalized banks, it is mandatory to appoint auditor by passing a Special Resolution in compliance with Section 224A of the Companies Act, 1956.

M/s. Shah & Co., Chartered Accountants (Registration No. 109430W), have conveyed their consent to act as an auditor of the Company vide their letter dated August 6, 2013 whereas M/s. Chaturvedi & Shah has tendered their resignation from the office of auditors vide their letter dated August 2, 2013.

Copy of the consent letter by M/s. Shah & Co. and the resignation letter tendered by M/s. Chaturvedi & Shah as referred hereinabove are available for inspection by the members at the Registered office of the Company on all working days during the business hours prior to the date of this Annual General Meeting.

The Directors recommended the resolution for approval of the members. None of the Directors of the Company is concerned or interested in the Resolution.

Item No. 7:

Mrs. Monika Garware Modi was re-appointed as Joint Managing Director of the Company by the members at the Annual General Meeting (AGM) held on 28th December, 2009 for a period of five years with effect from 1st November, 2009 and the terms of her remuneration were approved by the members at the Annual General Meeting held on 28th December, 2009. On account of overall increase in the volume of business of the Company, the duties and responsibilities of Mrs. Monika Garware Modi, Vice Chairperson and Joint Managing Director of the Company, has correspondingly increased. 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 her 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. In view of such revision, her existing terms were mutually terminated and her re-appointment for a fresh term of five years effective from 1st November, 2013 on terms as set out in the draft agreement was approved by the remuneration committee at its meeting held on 9th August, 2013.

The Board of Directors has, at its meeting held on 9th August, 2013 approved her appointment as Joint Managing Director of the Company including 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.10,00,000/- per month. (With an annual increase of 10% per annum with effect from 1st November, 2014 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 travelling, 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 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.

In anticipation that during the term of employment of Mrs. Monika Garware Modi, the Company may have inadequacy of profits in any such financial year/s, in such case the above mentioned remuneration paid/payable to Mrs. Monika Garware Modi, would be in excess of the limits prescribed under Schedule XIII read with relevant provisions of Companies Act 1956, therefore the special resolution is proposed for the approval of the shareholders. After the member's approval, an application seeking approval of the Central Government will be filed by the Company for payment of above mentioned remuneration to Mrs. Monika Garware Modi as minimum remuneration. The statement as required under Section II, Part II of the Schedule XIII of the Companies Act, 1956 with reference to Special Resolution at Item No. 7 is annexed hereto as **Annexure-A**.

Mrs. Monika Garware Modi is concerned or interested in the resolution under Item No.7 of the accompanying notice. Shri S. B. Garware, Mrs. S. S. Garware, Mrs. Sarita Garware Ramsay, 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. 8

At the Annual General Meeting held on 28th December, 2009, Mrs. Sarita Garware Ramsay was appointed as Joint Managing Director for a period of five years with effect from 1st November, 2009. On account of overall increase in the volume of business of the Company, the duties and responsibilities of Mrs. Sarita Garware Ramsay, Joint Managing Director of the Company, have accordingly increased. Further Mrs. Sarita Garware Ramsay is assisting Mrs. Monika Garware Modi in discharging her duties more effectively. In the process of assisting Mrs. Monika Garware Modi, Mrs. Sarita Garware Ramsay will shoulder additional responsibilities.

Mrs. Sarita Garware Ramsay 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 Mrs. Sarita Garware Ramsay, with a view to align her 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. Sarita Garware Ramsay keeping in mind the additional responsibilities shouldered by her. In view of such revision, her existing terms were mutually terminated and her re-appointment for a fresh term of five years effective from 1st November, 2013 on terms as set out in the draft agreement was approved by the remuneration committee at its meeting held on 9th August 2013.

The Board of Directors has, at its meeting held on 9th August, 2013, approved her appointment as Joint Managing Director of the Company including the revised terms of remuneration and perquisites payable to Mrs. Sarita Garware Ramsay, so as to be commensurate with her duties and responsibilities, subject to necessary approvals.

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

- a) Salary: Rs. 9,00,000/- per month. (With an annual increase of 10% per annum with effect from 1st November, 2014 till the expiry of the term.)
- b) Commission: Mrs. Sarita Garware Ramsay 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. Sarita Garware Ramsay 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. Sarita Garware Ramsay 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. Sarita Garware Ramsay 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. Sarita Garware Ramsay will also be entitled to reimbursement of entertainment expenses actually incurred by her in the course of business of the Company.
- f) Mrs. Sarita Garware Ramsay will also be entitled to receive from the Company travelling, hotel and other expenses incurred by her in performance of her duties on behalf of the Company.
- g) Mrs. Sarita Garware Ramsay 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 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.

In anticipation that during the term of employment of Mrs. Sarita Garware Ramsay, the Company may have inadequacy of profits in any such financial year/s, in such case the above mentioned remuneration paid / payable to Mrs. Sarita Garware Ramsay, would be in excess of the limits prescribed under Schedule XIII read with relevant provisions of Companies Act 1956, therefore the special resolution is proposed for the approval of the shareholders. After the member's approval, an application seeking approval of the Central Government will be filed by the Company for payment of above mentioned remuneration to Mrs. Sarita Garware Ramsay as minimum remuneration. The statement as required under Section II, Part II of the Schedule XIII of the Companies

Act, 1956 with reference to Special Resolution at Item No. 8 is annexed hereto as **Annexure-A**.

Mrs. Sarita Garware Ramsay is concerned or interested in the resolution under Item No.8 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 Mrs. Sarita Garware Ramsay, 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 5th September, 2012, Ms. Sonia Garware was appointed as Joint Managing Director of the Company by Members for a term of five years with effect from 1st September, 2012. On account of overall increase in the volume of business of the Company, the duties and responsibilities of Ms. Sonia Garware, Joint Managing Director of the Company, have substantially increased. Ms. Sonia Garware is looking after the entire export division of the Company and has been posted at London-U.K.

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

The Remuneration Committee of the Company's Board of Directors reviewed the remuneration package of Ms. Sonia Garware keeping in mind the additional responsibilities shouldered by her.

In view of the fact that Ms. Sonia Garware is not presently availing any of the retiral benefits like provident fund, superannuation and gratuity from the Company as was approved by the members in the immediately preceding Annual General Meeting held on 5th September, 2012 and further increase in her job responsibility to look after the entire export division of the Company, the Remuneration Committee at its' Meeting held on 9th August, 2013, decided to revise the remuneration payable to Ms. Sonia Garware w.e.f. 1st September, 2013 till expiry of her present term of Agreement.

The Board of Directors has, at its meeting held on 9th August, 2013, approved the revised terms of remuneration payable to Ms. Sonia Garware as recommended by the Remuneration Committee, so as to be commensurate with her duties and responsibilities, subject to necessary approvals. Unless otherwise approved by the Board subsequently and subject to other necessary approvals, the term of employment of Ms. Sonia Garware as Joint Managing Director will be upto 31st August, 2017 as approved by members by the resolution passed at the Annual General Meeting of the Company held on 5th September, 2012.

The break-up of revised remuneration for Ms. Sonia Garware is as follows.

- a) Salary : Rs. 8,00,000/- per month (With an annual increase of 10% per annum with effect from 1st September, 2014 till the expiry of term of her agreement dated 25th September, 2012).
- b) Commission: Ms. Sonia Garware will be paid commission, equivalent to the annual salary, in addition to salary and perquisites, based on the net profits of the Company in a particular year in accordance with the provisions of Sections 198 and 309 of the Companies Act, 1956.

- c) Perquisites : (i) Ms. Sonia Garware will be entitled to furnished housing accommodation, gas electricity, water and furnishing and other perquisites such as reimbursement of medical expenses incurred for self and family, leave travel concessions for self and family once in a year, club fees, personal accident insurance, provision of a car with driver, telephone at residence etc. The monetary value of the perquisites will be calculated in accordance with the Income Tax Rules. The aggregate value of the above perquisites shall be restricted to a maximum of 30% of salary.
- (ii) Ms. Sonia Garware shall also be entitled to the Encashment of leave at the end of her tenure which shall not be included in the computation of the ceiling on remuneration.
- d) Special Allowance Rs. 3,00,000/- per month.

Save as provided above, the other terms and conditions of her appointment/ employment previously approved by the members of the Company at the Annual General Meeting held on 5th September, 2012 shall remain the same.

The previous agreement dated 25th September, 2012 and the supplementary draft agreement specifying the revised remuneration payable to Ms. Sonia Garware as mentioned herein this explanatory statement, along with resolution passed by the members at the Annual General Meeting held on 5th September, 2012 will be open for inspection by members at the Registered Office of the Company on any working day between 11.00 a.m. and 1.00 p.m., prior to the date of the meeting.

In anticipation that during the term of employment of Ms. Sonia Garware, the Company may have inadequacy of profits during any such financial year/s, in such case the above mentioned remuneration paid/payable to Ms. Sonia Garware, would be in excess of the limits prescribed under Schedule XIII read with relevant provisions of Companies Act 1956, therefore the special resolution is proposed for the approval of the shareholders. After member's approval, an application seeking approval of the Central Government will be filed by the Company for payment of above mentioned remuneration to Ms. Sonia Garware as minimum remuneration. The statement as required under Section II, Part II of Schedule XIII of the Companies Act, 1956 with reference to Special Resolution at Item No.9 is annexed hereto as **Annexure-A**.

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

This may also be treated as an abstract of the supplementary 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

At the Annual General Meeting held on 5th September, 2012, Mr. M. S. Adsul was re-appointed as Whole-Time Director, designated as Director-Technical, for a further term of five years with effect from 1st August, 2012.

Mr. M. S. Adsul is B.Sc. – Tech. in Plastics from Bombay University and DBM from Marathwada University. He has been working in the Company from 1979 in various areas such as Research and Development, Production and Technical.

Mr. M .S. Adsul has retired from the services on attaining age of superannuation with effect from 1st June, 2013 and therefore ceases to be a Whole-Time Director of the Company. However, on recommendation of the Management, considering his technical expertise and vast experience spanning over a period of more than 40 years, the Board of Directors at their meeting held on 9th August, 2013 approved to extend the services of Mr. M. S. Adsul w.e.f. 1st June, 2013 on such terms and conditions as approved by the Remuneration Committee at its' Meeting held on 9th August, 2013. Board perceived that it would be in the interest of the Company to avail of the valuable experience and guidance of Mr. M. S. Adsul in accomplishing the Company's goals.

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

- (a) Salary : Rs. 3,00,000/- per month.
- (b) Perquisites : Perquisites in the form of provision of a car along with a driver, reimbursement of petrol expenses and telephone/mobile bills, subject to maximum of Rs. 75,000/- per month. The monetary value of the perquisites will be calculated in accordance with the Income Tax Rules.
- (c) Mr. M. S. Adsul will also be entitled to reimbursement of entertainment expenses actually incurred by him in the course of Business of the Company.
- (d) Mr. M. S. Adsul will also be entitled to receive from the Company travelling, hotel and other expenses incurred in performance of the duties on behalf of the Company.
- (e) Mr. M. S. Adsul will not, so long as he functions as such, become interested or otherwise concerned directly in any selling agency of the company in future without the prior approval of the Central Government.
- (f) In the event of inadequacy or absence of profit, his remuneration shall be governed by the provisions of Schedule XIII of the Companies Act, 1956.
- (g) This Agreement can be terminated by giving one month's Notice on either side.

The draft Agreement and the resolution of the Annual General Meeting referred to in the resolution under Item No. 10 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 1.00 p.m., prior to the date of the meeting. The statement as required under Clause 1(B)(iv) of Section II, Part II of the Schedule XIII of the Companies Act, 1956, with reference to Special Resolution at item no. 10 is annexed hereto as **Annexure - A**.

Mr. M. S. Adsul 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, 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.

By Order of the Board of Directors

Mumbai,
9th August, 2013

Registered Office

Naigaon, Post Waluj,
Aurangabad – 431 133.

Manoj Koul
Company Secretary &
Sr. General Manager

Annexure – A

Statement as required under Section II, Part II of the Schedule XIII of the Companies Act, 1956 with reference to the Resolutions at Item Nos. 7, 8, 9 and 10 of the Notice for the 56th Annual General Meeting of Garware Polyester Limited.

I. General Information:

- 1 Nature of Industry : Manufacturer of Polyester Films
- 2 Date or expected date of commencement of commercial production : Existing Company is in operation since 06.06.1957
- 3 In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: : Not Applicable
4. Financial performance based on given indicators:

(Rs. in lakhs)

Sr.No.	Particulars	2012-13	2011-12	2010-11
i)	Turnover	81,150.53	82,751.27	94,142.01
ii)	Profit/(Loss) before tax	1,183.71	3,506.85	21,100.22
iii)	Net Profit / (Loss)	2,770.65	3,506.85	18,845.22
iv)	Paid-up Share Capital	7,771.31	7,771.31	6,698.12*
v)	Reserves & Surplus	51,734.50	43,443.57	40,343.81
vi)	Dividend Pay-out	-	15%	100%

(*Rs.1,073.19 being amount in Share Suspense Account, pursuant to Scheme of Arrangement)

- 5 Export performance and net foreign exchange collaborations: The Company had foreign exchange earning of Rs. 456.69 crores during the financial year 2012-13 as compared to Rs. 371.85 crores during the financial year 2011-12.
- 6 Foreign investments or collaborators, if any: Not applicable.

II. (a) Information about Mrs. Monika Garware Modi

1. Background Details: 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. With her immense subject knowledge and experience, she has been able to manage the functions of corporate affairs professionally.
2. Past Remuneration:

Financial Years	Amount (in Rs.)	Remarks
2012-13	1,27,80,625/-	Pending approval of Central Govt.
2011-12	1,15,55,396/-	Approved by Central Govt. vide letter No. SRN B32654931/4/2011-CL.VII dated 23.08.2012.
2010-11	1,85,60,534/-	Remuneration paid in compliance to Sec. 198, Sec. 309, read with Part II of Schedule XIII of the Companies Act, 1956 and as approved by members.

(The above remuneration excludes retiral benefits like Provident Fund, Superannuation, gratuity and encashment of leave, which is payable as per the Company's Policy applicable to its employees)

3. Recognition or awards: Not Applicable
4. Job profile and her suitability: Mrs. Monika Garware Modi has been associated with the Company as a Whole Time Director since last 25 years effectively from April 1989 and later on appointed as the Vice-Chairperson in the year 2002. Mrs. Monika Garware Modi is looking after the business finance vertical of the organization like fund raising and fund management, audit, taxation, Capex and inventory management. Besides that she is monitoring the 'Safety' and adherence to 'TPM', 'ISO' norms etc. Further she is responsible for the business development and other strategic issues of the Company.
5. Remuneration proposed: As stated in the Explanatory Statement at Item No.7 of the Notice.
6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin): Revised remuneration as proposed for Mrs. Monika Garware Modi is comparable to that drawn by the peers in the similar capacity in the similar industry and is commensurate with the size of the Company and diverse nature of its businesses.
7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any: Mrs. Monika Garware Modi is a promoter-director, holding 2,50,004 equity shares of Rs.10/- each representing 1.07 % of the total paid-up capital of the Company as on 31st March, 2013. Shri. S. B. Garware, Chairman & Managing Director and Mrs. S.S.Garware, Director are the parents of Mrs. Monika Garware Modi and Mrs. Sarita Garware Ramsay and Ms. Sonia Garware are sisters of Mrs. Monika Garware Modi.

(b) Information about Mrs. Sarita Garware Ramsay

1. Background Details: Mrs. Sarita Garware Ramsay has been associated with the Company as Director since 1993. She is an M.B.A. from European University in Switzerland with specialization in marketing. She has requisite knowledge and experience to manage the corporate affairs.
2. Past Remuneration:

Financial Years	Amount (in Rs.)	Remarks
2012-13	1,08,14,375/-	Pending approval of Central Govt.
2011-12	97,90,336/-	Approved by Central Govt. vide letter No. SRN B32656944/4/2011-CL.VII dated 23.08.2012.
2010-11	1,58,05,332/-	Remuneration paid in compliance to Sec. 198, Sec. 309, read with Part II of Schedule XIII of the Companies Act, 1956 and as approved by members.

(The above remuneration excludes retiral benefits like Provident Fund, Superannuation, gratuity and encashment of leave, which is payable as per the Company's Policy applicable to its employees)

3. Recognition or awards: Not Applicable.
4. Job profile and her suitability: Mrs. Sarita Garware Ramsay joined the Company as Director in December 1993 and was appointed a Whole-time Director from April 1994 to March 1997. On account of her continuous support as a member of the Board of Directors of the Company and her positive contributions, the Board of Directors elevated Mrs. Sarita Garware Ramsay as Joint Managing Director for a term of five years with effect from 1st July, 2002. Since then

Mrs. Sarita Garware Ramsay is on the Board of the Company designated as Joint Managing Director. Under her stewardship, the operating profit of film division improved substantially. Due to the overall increase in the volume of business of the Company the duties and responsibilities of Mrs. Sarita Garware Ramsay, Joint Managing Director of the Company have also increased manifold over the years. Besides assisting Mrs. Monika Garware Modi, Vice Chairperson and Joint Managing Director in day-to-day operations, she has been shouldering additional responsibilities efficiently and effectively. Mrs. Sarita Garware Ramsay is presently looking after the legal, secretarial, human resource and the property related matters of the whole group Companies. Besides that she is instrumental in devising the strategies for managing the Intellectual Property Rights of the Organization both in India and overseas.

5. *Remuneration proposed:* As stated in the Explanatory Statement at Item No.8 of the Notice.
6. *Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin):* Revised remuneration as proposed for Mrs. Sarita Garware Ramsay is comparable to that drawn by the peers in the similar capacity in the similar industry and is commensurate with the size of the Company and diverse nature of its businesses.
7. *Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:* Mrs. Sarita Garware Ramsay is a promoter-director, holding 2,51,106 equity shares of Rs.10/- each, representing 1.08% of the total paid-up capital of the Company as on 31st March, 2013. Shri S. B. Garware, Chairman & Managing Director and Mrs. S.S. Garware, Director are parents of Mrs. Sarita Garware Ramsay and Mrs. Monika Garware Modi, and Ms. Sonia Garware are sisters of Mrs. Sarita Garware Ramsay.

(c) Information about Ms. Sonia Garware

1. *Background details:* Ms. Sonia Garware is one of the promoters of the Company. She has been associated with the Company since 1997. She bears an excellent academic career. Ms. Sonia Garware is a M. B. A. with triple major in Finance, Marketing & Strategy from Boston College, U.S.A. She has enormous work experience in marketing, business development and finance. She has a very good exposure in handling and managing the export business of the Company. Currently Ms. Sonia Garware is responsible for production planning, marketing of IPD and CPD product lines, procurement and R&D. Besides that she is responsible for the exports and looks after the entire businesses of the Companies subsidiaries situated at London-UK and USA.
2. *Past Remuneration*

Financial Years	Amount (in Rs.)	Remarks
2012-13	54,60,000/-	Approved by Central Govt. vide letter No. SRN B63303515/4/2012-CL.VII dated 20.05.2013
2011-12	Not Applicable	Not in the employment of the Company
2010-11	Not Applicable	Not in the employment of the Company

(Ms. Sonia Garware has intended not to avail the retiral benefits like Provident Fund, Superannuation and gratuity. However encashment of leave is payable to her as per the Company's Policy applicable to its employees. Above remuneration excludes encashment of leave)

3. *Recognition or awards:* Not Applicable.
4. *Job profile and her suitability:* Being a business graduate with triple major in finance, marketing and strategy and her exposure and

understanding of the business intricacies, has helped the Company in accomplishing its desired goals. Under her stewardship, the performance of Sun Control film division has improved substantially. The Company has been successful in penetrating its presence by exporting its product to nearly 80 countries. Ms. Sonia Garware is instrumental in branding Sun Control film in U.S.A. and Europe.

5. *Remuneration proposed:* As stated in the Explanatory Statement at Item No.9 of the Notice.
6. *Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin):* Revised remuneration as proposed for Ms. Sonia Garware is comparable to that drawn by the peers in the similar capacity in the similar industry and is commensurate with the size of the Company and diverse nature of its businesses.
7. *Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:* Ms. Sonia Garware is a promoter-director, holding 2,50,165 equity shares of Rs.10/- each representing 1.07% of the total paid-up capital of the Company as on 31st March, 2013. Shri S. B. Garware, Chairman & Managing Director and Mrs. S. S. Garware, Director are parents of Ms. Sonia Garware and Mrs. Monika Garware Modi and Mrs. Sarita Garware Ramsay are sisters of Ms. Sonia Garware.

(d) Information about Mr. M. S. Adsul

1. *Background details:* Mr. M. S. Adsul was appointed as Whole-time Director, designated as Director – Technical for a term of five years w.e.f. 1st August 2007 and thereafter his appointment was further approved by members resolution. He has been associated with the Company since 1979. Mr. M. S. Adsul is B.Sc.–Tech. in Plastics from Bombay University and DBM from Marathawada University. He has been working in the Company in various areas such as Research and Development, Production and Technical.
2. *Past Remuneration*

Financial Years	Amount (in Rs.)	Remarks
2012-13	34,66,707/-	Payment in terms of limits specified under Part II of Schedule XIII of the Companies Act, 1956.
2011-12	48,02,898/-	Approved by Central Govt. vide letter No. SRN B32965733/4/2011-CL.VII dated 23.08.2012
2010-11	26,69,395/-	Remuneration paid in compliance to Sec. 198, Sec. 309, read with Part II of Schedule XIII of the Companies Act, 1956 and as approved by members.

(The above remuneration excludes retiral benefits like Provident Fund, Superannuation, gratuity and encashment of leave, which is payable as per the Company's Policy applicable to its employees)

3. *Recognition or awards:* Not Applicable.
4. *Job profile and his suitability:* Being an experienced technical person in the field of Plastics has helped the Company in accomplishing its desired goals. Under his technical guidance production and quality of production has improved substantially. Mr. M. S. Adsul is presently in-charge of the production and also Research & Development team. Mr. Adsul is having very sound knowledge of commercial aspects of the Company's operations.
5. *Remuneration proposed:* As stated in the Explanatory Statement at Item No.10 of the Notice.

6. *Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin):* Revised remuneration as proposed for Mr. M. S. Adsul is comparable to that drawn by the peers in the similar capacity in the similar industry and is commensurate with the size of the Company and diverse nature of its businesses.
7. *Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:* Mr. M. S. Adsul is a director - Technical, holding 85 equity shares of Rs.10/- each. Mr. Adsul is not related to any director of the Company.

III. Other information:

1. *Reasons of loss or inadequate profits:* During the financial year 2012-13, the turnover and profitability of the Company has declined, mainly due to:-

- a) Supreme Court's Judgments;
- i) Imposing ban on the usage of polyester film for 'Gutka / Pan Masala' packaging thereby reducing the domestic market size by 7,000 Metric Tons per month and
 - ii) Prohibiting the usage of solar control polyester films of any visual light transmission for automotive application has drastically affected the top and bottom-lines of the Company.
- (b) Further due to volatility of crude oil prices and depreciation of Rupee vis-à-vis US dollar, the raw material prices has been exhibiting a volatile trend.
- (c) Sharp reduction in sale price of the film in domestic and international market.
- (d) Increase in film production capacity, internationally.
- (e) Recession in Europe and USA hit the air-conditioning and compressor industry in South East Asia which is a major manufacturing centre for the business.
- (f) Recession in automobile industry, internationally affected the sales in China & USA which are the major global market players for automobiles.

2. *Steps taken or proposed to be taken for improvement:*

- The Company will continue to focus on cost control and cost effective measures and give dedicated and specified thrust to exports.
- The Company has maintained its record of being the highest exporter of polyester films and bagged the top exporter award from Plexconcil. With the introduction of variety and high quality product offerings, the Company is fully confident of maintaining its strong position in exports. Presently Company's products are being successfully sold in Europe, Eastern Europe, USA, South America, Africa, Middle East, Far-East etc.
- The Company has successfully launched multiple brands, new products and with aggressive and innovative marketing strategies the major growth in Sun Control films is expected to be sustained during the coming years. Sun Control films are presently being marketed throughout the world and our

consistent high-class quality and better customer orientation are highly valued in the market.

- With variety and high quality product offerings in thermal lamination films, the Company is fully confident of growing its share in the export market. The first production line was made fully operational in a short span of one year and reached its capacity. The Company may consider expanding the capacity in future.
 - Expected growth of the retail sector, increasing preference towards packaged items, liberalization and growing middleclass is expected to fuel growth of Polyester Film in the domestic market.
 - Company is in the process of installation of a BOPP line at Waluj, Aurangabad. The Company expects that there will be improvements in the top-line and bottom-line, once the commercial production of BOPP film commences.
 - Due to removal of anti-dumping duty, the European market is open for the Company to explore the commercially viable markets. In order to take advantage of the same, Company is nearing the completion of the production qualification with various customers which is a time consuming process. The efforts will start giving results.
 - The Company is trying for new market for specialty and Sun Control films in Europe.
 - Focusing on the biggest markets for automobiles i.e. China (18 million cars were sold during the year 2010-11) & USA.
 - Repayment of term loan during the coming years will reduce the interest cost.
 - Full capacity utilization of Thermal plant and BOPP line will substantially add-up the bottom-line.
 - Introduction of new anticipated products will boost the higher contribution.
 - Introduction of dyed-films in the international market, where the Company is having edge over the competitors as the Company's products are patented.
 - The signs of revival of US and European economy will boost our export realization and shall help in strengthening the Company's top-line as well as the bottom-line.
3. *Expected increase in productivity and profits in measurable terms:* In view of the facts stated above, it is difficult to forecast the productivity and profitability in measurable terms. However, the Company expects that the productivity and profitability shall improve and would be comparable with the industry average.

IV. Disclosures:

1. *Remuneration package of the managerial person:* Fully described in the respective Explanatory Statement as stated above.
2. *Disclosures in the Board of Directors' report under the heading 'Corporate Governance' attached to the Annual Report:* The requisite details of remuneration etc. of Directors are included in the Corporate Governance Report, forming part of the Annual Report of the Company.

ANNEXURE I

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

Name of the Director	Mrs. S. S. Garware	Mrs. Monika Garware Modi	Mrs. Sarita Garware Ramsay	Mr. M. S. Adsul	Mr. B. Moradian	Dr. M.C.Agarwal
Date of Birth & Age	09.12.1935 (78 years)	04.06.1963 (50 Years)	25.10.1967 (46 years)	01.06.1955 (58 years)	13.11.1950 (63 years)	23.10.1946 (67 Years)
Appointed on	04.04.1996	31.03.1989	24.12.1993	01.08.2007	29.10.2001	29.04.2009
Qualifications	B.A. (Hons.) B. Ed.	M.B.A. (U.S.A)	M.B.A. from European University in Switzerland	B. Sc (Tech.) in Plastics & DBM	B. E. (Mech.)from VJTI, MMS from JBIMS	Masters in Psychology, Ph. D
Expertise in specific functional areas	<ul style="list-style-type: none"> ➤ Marketing and Exports ➤ Associated with Charitable and Welfare Organisations 	<ul style="list-style-type: none"> ➤ Finance and Marketing 	<ul style="list-style-type: none"> ➤ Specialisation in Marketing 	<ul style="list-style-type: none"> ➤ Product Development & Production 	<ul style="list-style-type: none"> ➤ Marketing ➤ Productivity ➤ H. R. D. 	<ul style="list-style-type: none"> ➤ H. R. D.
Directorship(s) held in other public companies	1. Garware Industries Ltd.	1. Garware Industries Ltd. 2. Cadila Pharmaceuticals Ltd. 3. Casil Industries Ltd. 4. Casil Health Products Ltd. 5. IRM Ltd. 6. Karnavati Engineering Ltd. 7. Appollo Hospitals International Ltd. 8. Omnicare Pharmaceuticals Ltd. 9. Green Channel Logi- Solutions Ltd.	1. Garware Industries Ltd.	1. Garware Chemicals Ltd. 2. Garware Industries Ltd.	1. Essel Pro Pack Ltd.	
Memberships/ Chairmanships of Committees across public companies	NIL	NIL	1. Garware Polyester Ltd.	1. Garware Polyester Ltd. 2. Garware Industries Ltd.	1. Garware Polyester Ltd. 2. Essel Pro Pack Ltd.	1. Garware Polyester Ltd.
Shareholding in the Company as on 31.03.2013	1,57,970	2,50,004	2,51,106	85	NIL	NIL

DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2013
**TO,
THE MEMBERS**

 Your Directors present the 56th Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March, 2013.

Financial Results

(Rs. in Crores)

	2012-2013		2011 – 2012	
Operating Profit before interest & Depreciation		75.05		103.77
Less : Finance Cost	29.46		28.33	
Depreciation	39.32		41.71	
		68.78		70.04
Profit for the year before Exceptional Item		6.27		33.73
Exceptional items		(5.56)		(1.34)
Provision for Income Tax		(15.87)		0.00
Profit After Tax		27.70		35.07
Add : Balance brought forward from previous year		269.18		239.93
Balance available for Appropriation		296.88		275.00
Appropriation:				
Transfer to General Reserve		0.00		1.75
Dividend on Cumulative Redeemable Preference Shares (CRPS)(*Rs.54,460/-)		*0.01		*0.01
Proposed Final Dividend on Equity Shares		0.00		3.50
Tax on Dividend (*Rs. 8,840/- on CRPS)		*0.00		0.57
Balance carried to Balance Sheet		296.87		269.18
Total		296.88		275.00

Dividend

Your Directors have not recommended any dividend on the equity share capital for the year under review with a view to conserve resources to combat the impending liquidity crunch and to plough back profits to strengthen the net working capital. However, dividend on 54,46,000 cumulative redeemable preference shares of Rs. 100 each @ 0.01% amounting to Rs. 54,460 is recommended by the Board.

Operations

Compared to the previous year which was good, there was a decline in the sales by 1.57% due to; (a) ban imposed by the order of Supreme Court of India on usage of Sun Control Film in automotive applications, (b) ban imposed on usage of polyester film for 'Gutka' / 'Pan Masala' packaging by rules made for environmental protection, (c) uncertainty in the advanced economies, (d) continuing Euro debt crisis and (e) over-all slow-down in the industry growth due to slackening of demand, policy uncertainty and tighter monetary conditions.

Future outlook

Market conditions continue to be competitive and full of challenges, however our emphasis is on specialty films. We prefer to concentrate on limited market of specialty films and to find out different path. Our new products under Sun Control brand have received wide acceptance world over and our focus on the Chinese and Russian markets are paying rich dividends, however in domestic market ban on use of films in Automotive applications has impacted us adversely. We are trying to salvage the situation however the same continues to be unclear. The Company has however diverted the production into the international markets.

Research & Development

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

Research & Development Department is functioning over the last 25 years in the Company.

- It plays very vital role in development of new products/process required for future business.

- It is well equipped with various Pilot Plants and Testing facilities required for Product Development.
- Our Research & Development Department have research scholars, scientists, technicians and skilled & specialized work force for various developmental areas.

Functioning of R & D Department

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

Information Technology (IT)

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

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

Awards and Recognitions

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

Human Resource Development

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

new skills and competencies and promote knowledge sharing and team building.

Manufacturing and Quality Initiatives

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

Corporate Social Responsibility

Corporate social responsibility in your Company is aligned with 'Garware' tradition of creating wealth in the community with focus on Art, Culture, Sports, health, education and safety. The Company is running the Garware Community Center at Aurangabad with various activities at various locations. The Center is engaged in overall development of the community members of all age groups and creating a hobby among them for art, culture, sports, education, social work, music etc. The Company has increased its activities in rural areas by way of opening a full-fledged branch at Waluj, Aurangabad.

Subsidiaries Companies and their Financial Statements

Garware Polyester International Limited - UK and Global Pet Films Inc.- USA, continue to be the subsidiaries of the Company. The Ministry of Corporate Affairs, Government of India vide General Circular No: 2/2011 dated 8th February, 2011 has allowed general exemption to Companies from complying with Section 212(8) of the Companies Act, 1956, provided such companies publish audited consolidated financial statements in the Annual report. Your Board has decided to avail the said general exemption from applicability of provisions of Companies Act, 1956 and accordingly, the Annual Accounts of the above Subsidiary Companies for the financial year ended 31st March, 2013 are not being attached with this Annual Report and the specified financial highlights of the said Subsidiaries are disclosed in this Annual Report, as part of the Consolidated Financial Statements. The Audited annual accounts and related information of the subsidiaries will be made available, upon request and also be open for inspection at the Registered Office, to any shareholder with sufficient notice and on payment of prescribed fees as per the provisions of the law.

Opening of GPL Branch Office

The Company with an intention to have smooth export operations in Europe & other CIS Countries has opened a branch office in London, U.K., which has been fully functional from September 1st, 2012.

Safety, Health & Environmental Protection

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

1. Mrs. S. S. Garware, Mrs. Sarita Garware Ramsay, Mr. B. Moradian and Dr. M. C. Agarwal, retire by rotation and being eligible, offer themselves for re-appointment.
2. The Board of Directors of your Company has:
 - a) re-appointed Mrs. Monika Garware Modi and Mrs. Sarita Garware Ramsay as Joint Managing Director(s) of the Company on revised terms, effective from 1st November, 2013 for a period of five years .
 - b) approved the revision in payment of remuneration to Ms. Sonia Garware, Joint Managing Director of the Company effective from 1st September, 2013.
 - c) approved the extension of service period to Mr. M. S. Adsul in order to continue him as Director (Technical) of the Company effective from 1st June, 2013 for a period of five years.

Audit Committee

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

Mr. B. Moradian, who is an independent non-executive Director, acts as Chairman of Audit Committee Meetings.

Corporate Governance

A Report on Management Discussion and Analysis, Corporate Governance as well as Certificate from the Practicing Company Secretary confirming the Compliance of Clause 49 of the Listing Agreement form part of this Report.

Auditors and their Report

The retiring auditors, M/s. Shah & Co., Chartered Accounts (Registration No. 109430W) of Mumbai, being eligible for re-appointment and have indicated their willingness to act as auditors, if appointed. The Company has received a letter dated August 6, 2013 from them to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956 and they are not disqualified for re-appointment within the meaning of Section 226 of the said Act.

M/s. Chaturvedi & Shah, Chartered Accountants (Registration No. 101720W) of Mumbai, one of the Joint Statutory Auditors of the Company have tendered their resignation vide their letter dated August 2, 2013 from office of Statutory Auditors. The same has been accepted by the Audit Committee and the Board of Directors in their respective meetings held on August 9, 2013.

The Auditor's Report is unqualified. The notes to accounts referred to in the Auditor's Report are self-explanatory and therefore do not call for any further clarifications under Section 217(3) of the Companies Act.

Cost Compliance Certificate

In compliance to Notification No. GSR 429(E) dated 03.06.2011 issued by the Ministry of Corporate Affairs with respect to the Companies (Cost Accounting Records) Rules, 2011, a Cost Compliance Certificate for the financial year 2011-12 issued by M/s. M.R. Pandit & Co. (Practicing Cost Accountant) (Firm Registration No. 00268) has been filed with Ministry of Corporate Affairs.

Transfer to Investor Education and Protection Fund

Pursuant to provisions of Section 205A(5) and Sec 205C of the Companies Act, 1956, an unclaimed / unpaid dividend pertaining to the financial year 2004-05 amounting to Rs.4,55,340/- has been transferred to the Investor Education and Protection Fund on November 17, 2012 vide payment Challan No. SRN B61623716.

Other Statutory Information

The information required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 forms part of this report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to

all the Shareholders of the Company excluding the aforesaid information. Any Shareholder interested in obtaining such particulars may inspect the same at the Registered Office of the Company or write to the Company Secretary at the Corporate Office of the Company. Information as per Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of this Report is annexed.

Industrial Relations

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

Acknowledgements

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

For and on behalf of the Board of Directors

Mumbai
9th August, 2013

S. B. GARWARE
Chairman & Managing Director

ANNEXURE TO DIRECTORS' REPORT

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

(A) CONSERVATION OF ENERGY

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

1. Enhancement of capacity of water preheater in briquette fired boiler to improve the efficiency.
2. Single Crusher system used for winder trim for high shrink production against 2 Crushers system by modifications.
3. Reduction in FO Consumption by Emulsification of Furnace Oil.
4. Replacement of AHU in Film Plant with Energy Efficient AHU.
5. Power factor in all plants maintained continuously at unity.

(B) TECHNOLOGY ABSORPTION

I. Research and Development (R & D)

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

R & D Dept. is functioning from 1988 onwards in the Company. It is approved by Department of Science and Industrial Research (DSIR), Govt. of India.

It plays a very vital role in development of new products / process required for future business.

It is well equipped with various Pilot Plants and Testing facilities required for Product Development.

Our R&D dept. have skilled and specialized work force for various developmental areas.

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

- a) Colour film by extrusion for Decorative and Lamination application.
- b) Reprographic film for Laser, Offset, Ink Jet.
- c) Sealable – Peelable film for Olefenic substrate in lidding applications.
- d) Nano particle base I R Absorption film in different colors for automobile market.

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

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

3. Expenditure on R&D / Product Development

	(Rs. in Lakhs)
a) Capital (Excl. CWIP)	0.32
b) Recurring	166.41
Total	166.73

Total R&D expenditure as a percentage to total turnover: 0.21%

II. Technology absorption, adaptation and innovation

1. Efforts made towards technology absorption, adaptation and innovation:
 - a) Developed technique to disperse nano particles
 - b) Developed non-fading nano particle based Solar Control film

2. Benefits derived as a result of above efforts:

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

3. Technology imported during the last five years:

No Technology has been imported during the last 5 years.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

1. The export marketing activities are being consolidated to maintain the share of exports in total production with newer markets are being explored.
2. Constant endeavor 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 marketing outfits in USA and UK and in order to maintain the smooth activities of the export business, the Company has established a branch office in London UK.

II. Total Foreign Exchange used and earned

	(Rs. in Crores)
Used: -	82.39
Earned (FOB Basis):-	456.69

For and on behalf of the Board of Directors

Mumbai
9th August, 2013

S. B. GARWARE
Chairman & Managing Director

CORPORATE GOVERNANCE REPORT

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

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's Management acknowledges that corporate governance is a set of laws, regulations and good practices that enable an organization to perform efficiently and effectively. The philosophy of the Company towards good corporate governance is to enhance the long-term economic value of the Company, its shareholders and other stakeholders at large by adopting better corporate practices in fair and transparent manner. The Company believes that Corporate Governance is an ongoing process and there is a need to view Corporate Governance as more than just a regulatory requirement as good governance, apart from business results, leads to enhanced shareholder value.

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

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

1. BOARD OF DIRECTORS:

(A) COMPOSITION OF THE BOARD OF DIRECTORS:

The Company has a broad based Board of Directors, constituted in compliance with the relevant guidelines issued by Companies Act, Listing Agreement and in accordance with the best practices in Corporate Governance. The Board functions either as a full Board or through various Committees constituted to oversee specific areas. Policy formulation, setting up of goals and evaluation of performance and control functions vest with the Board.

Currently, the Board comprises of the following:

Category	Name of the Director	No. of Shares held as on 31 st March 2013	No. of Directorship(s) in Public Limited Companies**	No. of Chairmanship (s), of Committees (Both Listed/Unlisted Public Companies)#	Committee membership (s) #
Non – Independent Executive	1. Shri S. B. Garware	11,63,001	3	-	-
	2. Mrs. Monika Garware Modi	2,50,004	10	-	-
	3. Mrs. Sarita Garware Ramsay	2,51,106	2	-	1
	4. Ms. Sonia Garware	2,50,165	2	-	-
	5. Mr. M. S. Adsul	85	3	-	2
Independent Non-Executive	1. Mr. Dilip J. Thakkar	-	14	5	10
	2. Mr. B. Moradian *	-	2	3	3
	3. Mr. N. P. Chapalgaonkar	-	1	-	-
	4. Dr. M. C. Agarwal	-	1	-	2
	5. Mr. Ramesh P. Makhija	-	2	-	-
	6. Mr. A. B. Bhalerao	1,015	2	-	1
Non-Independent Non-Executive	1. Mrs. S. S. Garware	1,57,970	2	-	-

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

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

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

(B) MEETING OF BOARD OF DIRECTORS:

The Company Secretary prepares the agenda and the explanatory notes, in consultation with the Chairman and Managing Director, Whole time Director and other Departmental Heads and circulates the same in advance to all the Directors. The Company places before the Board all the relevant and necessary data/ information at its meetings such as production, sales, exports, review of business, any legal proceedings by/ against the Company, share transfers, quarterly financial results, minutes of: (a) previous Board Meetings, (b) Audit Committee Meetings, (c) Share Transactions cum Investors' Grievances Committee Meetings, (d) Remuneration Committee Meeting and such other relevant information. The information as specified in Annexure 1A of Clause 49 of the Listing Agreement is regularly made available to the Board, whenever applicable for discussion and consideration.

The Board meets at least once every quarter, *inter-alia*, to review the quarterly results. During the year under review commencing w.e.f 1st April 2012, six Board Meetings were held. The gap between any two Board meetings did not exceed 4 months. The details of Board meetings held during financial year 2012-13 are given below:

Sr. No.	Date	Board Strength	No. of Directors Present.
1	14.05.2012	12	7
2	29.06.2012	12	9
3	10.08.2012	12	8
4	31.10.2012	12	10
5	31.12.2012	12	10
6	14.02.2013	12	9

The previous Annual General Meeting (AGM) was held on 5th September 2012.

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	5	NO
Mrs. S. S. Garware	6	NO
Mrs. Monika Garware Modi	4	NO
Mrs. Sarita Garware Ramsay	6	NO
Ms. Sonia Garware	5	NO
Mr. M. S. Adsul	5	NO
Mr. Dilip J. Thakkar	2	NO
Mr. B. Moradian*	4	NO
Mr. N. P. Chapalgaonkar	3	YES
Dr. M. C. Agarwal	6	NO
Mr. Ramesh P. Makhija	5	NO
Mr. A. B. Bhalerao	2	YES

* Mr. B. Moradian Chairman of Audit Committee could not attend the Annual General Meeting held on 5th September, 2012 due to pre-occupation.

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
- (B) Share Transactions cum Investors' Grievances Committee
- (C) Remuneration Committee

(A) AUDIT COMMITTEE:

(i) Composition:

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

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

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

(ii) Terms of Reference:

The powers and terms of reference of the Audit committee are as mentioned in Clause II (C), (D) & (E) of the Listing Agreement and Section 292A of the Companies Act, 1956. The brief descriptions 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.
- Review of the following information:
 - Management discussion and analysis of financial condition and results of operations;
 - Statement of significant related party transactions;
 - Management letters/letters of internal control weakness issued by the statutory auditors;
 - Internal audit reports relating to internal control weakness; and
 - The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.
- Approval of appointment of CFO after assessing the qualifications, experience & background, etc. of the candidate.
- 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.

(iii) Meetings and Attendance during the year:

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

Sr. No.	Date	Strength	No. of Members Present
1	14.05.2012	4	2
2	29.06.2012	4	3
3	10.08.2012	4	3
4	31.10.2012	4	3
5	14.02.2013	4	3

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

Name of Members	Audit Committee Meetings Attended
Mr. B. Moradian	3
Mr. M. S. Adsul	4
Dr. M. C. Agarwal	5
Mr. A. B. Bhalerao	2

(B) SHARE TRANSACTIONS CUM INVESTORS' GRIEVANCES COMMITTEE

(i) Composition:

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

- Mr. B. Moradian - Chairman
- Mrs. Sarita Garware Ramsay - Member
- Dr. M. C. Agarwal - Member

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

(ii) Terms of Reference:

Brief descriptions of terms of reference are;

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

(iii) Details of Complaints received and redressed during the year from 1st April 2012 to 31st March 2013:

During the year under review, the Company has resolved investor grievances expeditiously. As per information received from Registrar, M/s. Link Intime India Private Limited, during the year, the Company received 143 complaints from shareholders, which were resolved. The details are as under:

Nature of Complaint	No. of Complaints	No. of Complaints Resolved as on 31st March 2013	No. of Complaints Pending as on 31st March 2013
Transfer of Shares	8	8	Nil
Dividend	112	112	Nil
Others	23	23	Nil
Total	143	143	Nil

(iv) Share Transfer Details:

During the year, the Committee met 34 times. As on 31st March, 2013, 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
Mrs. Sarita Garware Ramsay	34
Mr. B. Moradian	13
Dr. M. C. Agarwal	24

(v) 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:**(i) Composition:**

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

Mr. B. Moradian	-	Member
Dr. M. C. Agarwal	-	Member
Mr. A. B. Bhalerao	-	Member

(ii) Terms of Reference:

Brief descriptions of terms of reference are;

- To review the overall compensation policy and remuneration payable to Managing / Wholetime Directors.
- To make recommendations to the Board of Directors on the increments in the remuneration of the Directors.

(iii) Meeting and Attendance:

During the Financial year 2012-13, the Committee met on 29th June 2012 and the following members were present;

Mr. A. B. Bhalerao	-	Member
Dr. M. C. Agarwal	-	Member

3. REMUNERATION TO DIRECTORS:

The remuneration of the Board members is based on the Company's size, its economic and financial position, industrial trends and compensation paid by peer companies. Compensation reflects each Board member's responsibility and performance. The remuneration to Managing Director, Joint Managing Directors and Director- Technical are paid as per the Agreements entered into between them and the Company. Wherever necessary, Company seeks approval of Central Government for their remuneration.

(A) For Executive Directors:

The details of remuneration paid to the Executive Directors of the Company during the year (1st April, 2012 to 31st March, 2013) are given below:-

(Rs. In Lakhs)

Names	Salary	Perquisites & Allowances	Retirement Benefits	Performance linked Bonus	Stock Option
Shri S. B. Garware*	181.50	102.60	Nil	Nil	Nil
Mrs. Monika Garware Modi*	98.31	29.43	26.54	Nil	Nil
Mrs. Sarita Garware Ramsay*	83.19	24.95	22.46	Nil	Nil
Ms. Sonia Garware	42.00	10.96	Nil	Nil	Nil
Mr. M. S. Adsul	18.00	16.67	4.87	Nil	Nil

Certain Executive Directors (whole time directors) are covered under the Company's gratuity and leave encashment schemes along with other employees of the Company. These liabilities are determined for all employees by an independent actuarial valuation. The specific amount of these benefits can't be ascertained separately and hence the same has not been included above.

*The applications seeking approval for the above remuneration paid to the Managerial personnel for financial year 2012-13 is pending with the Central Government.

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

(B) For Non- Executive Directors :

The Non- Executive Directors are paid sitting fees of Rs. 5,000/- for every Board Meeting and Rs. 1,000/- for every Committee Meeting attended by them.

During the year under review, details of sitting fees paid to Non Executive Directors is given below :

(Amount in Rs.)

Names	Board Meeting	Audit Committee Meeting	Share Transaction Cum Investor Grievance Committee	Remuneration Committee
Mrs. S. S. Garware	30,000	-	-	-
Ms. Sonia Garware *	10,000	-	-	-
Mr. B. Moradian	20,000	3,000	13,000	-
Dr. M. C. Agarwal	30,000	5,000	24,000	1,000
Mr. A. B. Bhalerao	10,000	2,000	-	1,000
Mr. Dilip J. Thakkar	10,000	-	-	-
Mr. N. P. Chapalgaonkar	15,000	-	-	-
Mr. Ramesh P. Makhija	25,000	-	-	-

Except as above, the non-executive directors have no other pecuniary interest in the Company, as disclosed by them to the Company.

* Ms. Sonia Garware has been appointed as Joint Managing Director of the Company w.e.f. 01.09.2012.

4. DISCLOSURES:

- Details of related party transactions as per requirement of Accounting Standard 18 are disclosed in Note No. 34 to the audited accounts. A statement of these transactions was also placed before the Audit Committee, from time to time. None of the transactions with any of the related parties was in conflict with the interests of the Company. All transactions with related parties are negotiated on an arms' length basis and are intended to further the interests of the Company's business.
- During the financial year under review, Company has adjusted impairment in value of certain cash generating units to the tune of Rs. 13235.03 lakhs against the balance in revaluation reserve (for details please refer note no. 28 of the Financial Statement for the year ended 31st March, 2013).
- Your company recognizes the "Risk Management" as an integrated, forward-looking process oriented approach for managing "Enterprise Wide Risks". The Company has in place a mechanism to inform the board about the risk assessment and minimization procedures and periodical review to ensure that management controls risk through means of properly defined frame work.
- No penalties/strictures have been imposed on the Company by Bombay 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.
- Periodic information relating to shareholding pattern and quarterly financial results are also made available on the Company's web-site immediately after the conclusion of the respective Board Meeting. The Company's website is: www.garwarepoly.com
- Management Discussion and Analysis forms a part of Annual Report which is mailed to the shareholders of the Company.

6. GENERAL SHAREHOLDER INFORMATION:

(A) Annual General Meeting

Date, Time and Venue: 26th September, 2013 at 11.30 a.m. at Registered Office of the Company at Naigaon, Post Waluj, Aurangabad - 431 133.

(B) Financial Year: 1st April to 31st March.

(C) Financial Calendar (tentative)

Financial Year	1 st April, 2013 to 31 st March, 2014
Unaudited Financial Results for the Quarter ending: 30 th June 2013; 30 th September 2013; 31 st December 2013 and 31 st March 2014.	Within 45 days from the end of reporting quarter.
Annual General Meeting for year ending - 31 st March 2014.	Before the end of September 2014.
Date of Book Closure for the current financial year	Monday, 16 th September, 2013 to Thursday, 26 th September, 2013
E-mail address for Investor Complaints	manojkoul@garwarepoly.com

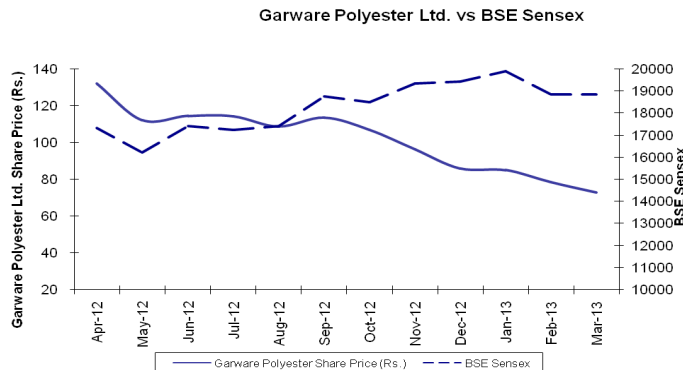
(D) Listing on Stock Exchange

- Shares of the Company are listed on the Bombay Stock Exchange, under Stock Code No.500655.
- ISIN No. for dematerialised shares is INE 291A01017.
- The Company has paid Annual Listing Fees for the year 2013- 14 to the above Stock Exchange. The Company has also paid custodial charges to National Securities Depository Limited and Central Depository Services (India) Limited for 2013-2014.

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

Month	Share Price Data		BSE Sensex	
	High (Rs.)	Low (Rs.)	High	Low
April 2012	135.90	114.30	17664.10	17010.16
May 2012	135.60	103.35	17432.33	15809.71
June 2012	121.95	106.30	17448.48	15748.98
July 2012	128.40	110.05	17631.19	16598.48
August 2012	123.85	103.60	17972.54	17026.97
September 2012	119.50	105.25	18869.94	17250.80
October 2012	119.85	105.00	19137.29	18393.42
November 2012	109.85	90.20	19372.70	18255.69
December 2012	104.90	81.00	19612.18	19149.03
January 2013	96.75	74.00	20203.66	19508.93
February 2013	104.00	67.50	19966.69	18793.97
March 2013	86.00	70.45	19754.66	18568.43

(F) Performance of Share Price in comparison to the BSE Indices



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

(H) Share Transfer System

The Share Transfer requests received in physical form are registered and transferred within 15 days from the date of lodgement by the Registrars and Share Transfer Agents if the same are valid and complete in all respects and thereafter the same are duly approved by Share Transactions cum Investors' Grievances Committee. Since the Company's shares are compulsorily traded in demat segment on the Bombay Stock Exchange, bulk of the transfers takes place in electronic form.

(I) Categories of shareholding as on 31st March, 2013

Sr. No.	Category	No. of shares held	Share-holding (%)
1	Promoters (Shri S. B. Garware, family and Associates)	1,38,88,737	59.57
2	Mutual Funds and UTI	15,363	0.07
3	Banks, Financial Institutions, Insurance Companies (Central / State Govt. Institutions/ Non-Govt. Institutions)	8,57,261	3.68
4	Private Corporate Bodies	8,91,683	3.82
5	Foreign Institutional Investors	3,855	0.02
6	NRIs	2,77,477	1.18
7	Indian Public	73,80,774	31.66
	Grand Total	2,33,15,150	100.00

(J) Reappointment / Appointment of Directors

Information on directors retiring by rotation and directors seeking re-appointment, subject to members approval at the ensuing Annual General Meeting is provided in the **Annexure – I**.

(K) Distribution of Shareholdings as on 31st March, 2013

No. of Shares held	No. of Share-holders	% of Share-holders	No. of Shares	% of Share-holding
1 to 500	31,518	96.70	26,86,951	11.52
501 to 1000	522	1.60	4,05,167	1.74
1001 to 2000	282	0.86	4,47,214	1.92
2001 to 3000	68	0.21	1,71,252	0.73
3001 to 4000	22	0.07	79,614	0.34
4001 to 5000	38	0.12	1,83,387	0.79
5001 to 10000	51	0.16	3,79,066	1.63
10001 and above	91	0.28	1,89,62,499	81.33
Total	32,592	100.00	2,33,15,150	100.00

(L) 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 94.07 % of the equity shares of the Company have been dematerialised by investors and bulk of transfers take place in the demat form.

(M) Outstanding GDRs/ADRs/

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

(N) Plants Locations : Waluj, Chikalthana and Nasik.

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

(P) 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 pursuant to SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, the Company has adopted a Code of Conduct for prevention of Insider Trading. Mr. Manoj Koul, Company Secretary and Senior General Manager is the Compliance Officer. This code of conduct is applicable to all Directors and such identified employees of the Company as well as of the Group Companies, who are expected to have access to unpublished price sensitive information relating to the Company.

(Q) CEO/CFO Certification

The Chairman & Managing Director and Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Clause 49. The Chief Financial Officer also gives quarterly certification on financial results while placing the financial results before the Board in terms of Clause 41.

(R) Information on General Body Meetings

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

	Date	Venue	Time
53 rd AGM	29 th September 2010	Registered Office: Naigaon, post Waluj, Aurangabad-431133	11.30 a.m.
54 th AGM	27 th December 2011		11.30 a.m.
55 th AGM	5 th September 2012		11.30 a.m.

The following are the Special Resolutions passed at the Annual General Meetings held in the last 3 years:

Date of Meeting	Summary of Resolutions passed
5 th September 2012	1) Appointment of auditors 2) Appointment of Ms. Sonia Garware as Joint Managing Director 3) Appointment of Mr. M.S. Adsul as Whole-Time Director
27 th December 2011	Appointment of auditors
29 th September 2010	Appointment of auditors

All resolutions moved at the last Annual General Meeting were passed by show of hands by the requisite majority of shareholders attending the meeting. None of the items to be transacted at the ensuing Annual General Meeting is required to be passed by postal ballot.

Declaration by CEO under Clause 49 of the Listing Agreement regarding adherence to the Code of Conduct

In accordance with Clause 49 I(D) of the Listing Agreement with the Bombay Stock Exchange, I hereby confirm that, all the members of the Board and Senior Management personnel of the Company have affirmed compliance to their respective Codes of Conduct, as applicable to them for the financial year ended March 31st 2013.

S. B. Garware

(Chairman & Managing Director)

Mumbai,
9th August, 2013

PRACTICING COMPANY SECRETARY'S CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF GARWARE POLYESTER LIMITED

I have examined the compliance of conditions of Corporate Governance by GARWARE POLYESTER LIMITED (the Company) for the year ended 31st March 2013, as stipulated in Clause 49 of the Listing Agreement entered into by the Company with the Bombay Stock Exchange.

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

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

I 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.

ABBAS LAKDAWALLA

Place : Mumbai
Dated : 9th August, 2013

Practicing Company Secretary
FCS 2988
CP 4052

REPORT ON MANAGEMENT DISCUSSION AND ANALYSIS

Company Overview & Economic Environment

Garware Polyester Limited (GPL) is the pioneer and the largest exporter of polyester films in India. The Company manufactures Bi-axially oriented polyethylene terephthalate (BOPET) / Polyester Films, Sun Control Films and Specialty Polyester films of high quality for a variety of end applications. GPL is the only amongst manufacturers in India and one out of the two manufacturers of dyed polyester films in the world which possesses patented technology for the same. GPL also manufactures the premium grade heat rejection films based on the latest 'Nano Technology' developed in its in-house R&D facility center.

1. Industry Structure and Developments

Polyester films have wide applications in a host of industries engaged in the manufacture of flexible packaging, shrink labels, electrical motor and cable insulation, sequin, TV screen, magnetic media, imaging, metallic yarn, laminated films for glass tint, safety application etc. Sun Control films cater to the automobile and real estate sector. The Company has a well-developed marketing network throughout the world, some of the major regions being Europe, USA, Far East, Middle East, Africa, South America etc. The Company has developed a wide network of dedicated customers in Europe, USA, Far East, Middle East, Brazil, Australia, China, Russia, New Zealand, Eastern Europe, Mexico and Africa. The quality of GPL products is rated amongst the best in the World and the Company pays special attention to customer services due to which the customer base is consistent and increasing. In order to expand the business and also to offer better services to the customers of the Consumer products in overseas market, the Company is offering services to the customers from the Marketing offices / Subsidiary Companies / Branch office situated in USA and UK.

2. Opportunities and threats

The supply demand situation for polyester films is not favourable at present with capacities exceeding demand which situation is likely to continue for some more time. Due to the commoditized nature of BOPET films the Industry is highly competitive. Further due to uncertainty in the advanced economies and continuing euro debt crisis, the Global economy was adversely impacted resulting in weak domestic and external demand. Policy uncertainty, tight money policy with sustained level of high interest rates accentuated the problem.

For the Company, the strategy is to expand capacity, launch new products, strengthen network and speed up brand building initiatives. Plans are afoot to go on a marketing warpath, overhaul product portfolio and launch aggressive advertisement campaigns. The Company at present is setting up a plant for manufacture of related product viz. BOPP in addition to BOPET as part of a move to diversify into value added products i.e. Thermal Lamination to metallized films. The shrink label application film is very well stabilized in the market. In thermal film, GPL has developed Gold & Feather feelfilms. The Company therefore hopes to rapidly grow its market share in various film segments. GPL derives its strength from its established track record, experienced management, diversified customer and product profile, well recognized brands

and integrated manufacturing facilities which are expected to augur well for the company's future growth.

As regards use of plastic films given the environmental hazards of plastics, the sector remains sensitive to the Government regulations. A ban has been imposed on the packaging of tobacco products (Gutka and smokeless tobacco products) which accounted for a sizable chunk of end-user industry for flexible packaging thereby resulting in excess capacity.

Further the Supreme Court of India while deciding on a Public Interest Litigation, in their Judgement delivered on 27th April 2012 has banned the application of Solar Control Film with effect from 4th May 2012 in India on the car windows. The Company is seeking legal opinion to take appropriate steps before the proper forum to counter the ban in the local market. The Ban has affected the sale of Sun control films in the Indian market. Fortunately the Company has developed a very good export market and has diverted all production for exports for this segment.

3. Outlook Exports:

Plain Film:

The Company has maintained its record of being the top exporter of polyester films and bagged the top exporter award from Plexconcil. With the introduction of variety and high quality product offerings, the Company is fully confident of maintaining its strong position in exports. Presently Company products are being successfully sold in Europe, Eastern Europe, USA, South America, Africa, Middle East, Far-East etc. The Consumer Division Products of the Company are marketed in Europe by its Branch and in the American market by Global Pet Films Inc. (GPF), a wholly owned step down subsidiary of GPL. The aim is to expand export base and through the above Branch/Subsidiary catapult international operations into a major growth driver.

Sun Control Film:

The Company has successfully launched multiple brands, new products with aggressive and innovative marketing strategies. The major growth in Sun Control films is expected to be sustained during the coming years. Sun Control films are presently being marketed throughout the world and our consistent high-class quality and better customer orientation are highly valued in the market. The Company plans to market aggressively window films in the Realty Sector both in domestic and overseas markets.

Thermal Film:

With variety and high quality product offerings in thermal lamination films, the Company is fully confident of growing its share in the export market. The first production line was made fully operational in a short span of one year and reached its capacity.

Domestic Market:

Expected growth of the Retail sector, increasing preference towards packaged items, liberalization and growing middle class is expected to fuel growth of Polyester Film in the domestic market.

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

4. Review of Operation

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

(Rs. in Lakhs)

Particulars	2012-13	2011-12	% change
Net Sales	77,599.56	78,836.28	(1.57)
Other Income	813.75	1,891.08	(56.97)
Profit before Interest, Tax, Depreciation and Exceptional Items	7,505.33	10,376.48	(27.67)
Finance Costs	2,946.32	2,832.75	4.01
Depreciation	3,931.44	4,170.88	(5.74)
Exceptional Items	(556.14)	(134.00)	315.03
Profit before Tax	1,183.71	3,506.85	(66.25)
Provision for Tax	(1,586.94)	0.00	-----
Profit after Tax	2,770.65	3,506.85	(20.99)
Earnings per share (Basic and Diluted)	11.88	15.04	(21.01)
Market Capitalization	17,008.40	26,847.40	(36.65)

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 Company locations continue to remain cordial with no industrial unrest during the year under review.

7. Risks and Concerns

Apex Court's judgments imposing ban on the usage of plastic films for Gutka (tobacco products) packaging and prohibition on use of black polyester films of any visual light transmission for automotive applications in the domestic market have adversely impacted the financial performance, not only of the Company but also the whole industry. Further due to volatility of crude oil prices and depreciation / appreciation of Rupee vis-à-vis US dollar, the raw material prices has been exhibiting a volatile trend. The Company will continue to focus on cost control and cost effective measures and give dedicated thrust to exports. Demand for the Company's products is sensitive to changes in industry capacity and output levels, cyclical changes in regional and global economic conditions and changes in consumer demand. Significant addition in capacities by competitors has heated the competition. The Central and State tax scheme in India is extensive and subject to change from time to time. The Company is subject to risks arising from volatile foreign exchange market as well as interest rate fluctuations, which could adversely affect its business operational results. The Company has 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.

**INDEPENDENT AUDITORS' REPORT
 TO THE MEMBERS OF
 GARWARE POLYESTER LIMITED**
Report on the Financial Statements

We have audited the accompanying financial statements of **GARWARE POLYESTER LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;

- (b) in the case of the Statement of Profit and Loss, of the Profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Emphasis of Matter

We draw attention to (a) Note No: 28 relating to revaluation of assets and adjustment of impairment of assets against the revaluation reserve and (b) Note No: 29 relating to payment of remuneration to managerial personnel which is subject to sanction of the Central Government.

Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, 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 purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act 1956.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of Section 274(1) (g) of the Act.

Shah & Co.

Chartered Accountants
 Firm Registration No: 109430W

P. N. Shah

Partner
 Membership No.: 001738

Place : Mumbai

Date : 29th May, 2013

Chaturvedi & Shah

Chartered Accountants
 Firm Registration No: 101720W

Parag D. Mehta

Partner
 Membership No.: 113904

ANNEXURE TO THE AUDITORS' REPORT TO THE MEMBERS OF GARWARE POLYESTER LIMITED
(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section 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) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in phased manner over a period of three years, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Pursuant to the programme certain fixed assets were physically verified during the year and no material discrepancies were noted on such verification;
- c) In our opinion, the Company has not disposed off a substantial part of the fixed assets during the year and the going concern status of the Company is not affected;
- ii) a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable;
- b) The procedures of physical verification of inventories followed by the management were 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; No material discrepancies were noticed on physical verification;
- iii) The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under Section 301 of the Act;
- 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 nature of its business with regard to purchase of inventory, purchase of fixed assets and also for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls in respect of these areas;
- v) a) In our opinion and according to the information and explanations given to us, 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 explanation 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 regards to prevailing market prices at the relevant time in the opinion of management.
- vi) The Company has not accepted any deposits from the public;
- vii) In our opinion, the Company has an internal audit system commensurate with the size and the nature of its business;
- viii) We have broadly reviewed the cost records maintained by the company pursuant to the companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie the prescribed cost records have been maintained. We have however not made a detailed examination of the cost records.
- ix) a) According to the information and explanation given to us and on the basis of our examination of the records of the Company, amounts deducted in the books of account in respect of undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax/VAT, Wealth Tax, Service Tax, Cess and other material statutory dues have been generally regularly deposited during the year by the company with the appropriate authorities. As at March 31, 2013 there are no undisputed statutory dues which are outstanding for a period exceeding six months from the date they became payable;
- b) According to the information and explanations given to us, the following statutory dues have not been deposited by the Company on account of disputes:

Name of statute	Nature of the Dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	68.30	2003-04 and 2005-06	Assessment Officer
Income Tax Act, 1961	Income Tax	3.57	2007-08	Commissioner of Income Tax
Central Excise Act, 1944	Excise Duty	38.87	1994-95 and 2001-02	Central Excise and Service Tax Appellate Tribunal
Central Excise Act, 1944	Excise Duty	5.33	1989-90 and 2006-07	High Court
Central Excise Act, 1944	Excise Duty	161.67	2007-08 to 2011-12	Commissioner of Excise
Central Excise Act, 1944	Service Tax	2.61	2012-13	Central Excise and Service Tax Appellate Tribunal
Central Sales Tax Act, 1956 and Sales Tax Acts of various states	Sales Tax	4.88	1982-83	Deputy Commissioner
Central Sales Tax Act, 1956 and Sales Tax Acts of various states	Sales Tax	12.25	1984-85 & 1993-94	Sales Tax Assessing Officer, Delhi and Noida
Local Body Tax	LBT	302.62	2012-13	High Court of Judicature of Bombay, Bench at Aurangabad

- 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 year.
- xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to any financial institution or bank during the year;
- xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities;
- xiii) In our opinion and according to the information and explanation given to us, the Company is not a chit fund or a nidhi/mutual benefit fund/society;
- xiv) According to the information and explanation given to us, the Company is not dealing or trading in shares, securities, debentures or other investments;
- xv) In our opinion and according to the information and explanation given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions during the year;
- xvi) In our opinion, and according to the information and explanation given to us, the term loans have been applied for the purpose for which they are raised.
- xvii) According to the information and explanation given to us and on overall examination of the balance sheet of the Company, we report that the Company has not used funds raised on short term basis for long term investment during the year.
- xviii) The Company has not made preferential allotment of shares during the year to companies/firms/parties covered in the register maintained under Section 301 of the Act;
- xix) The Company has not issued any debentures during the year;
- xx) According to the information and explanations given to us, the Company has not raised any money by public issue during the year;
- xxi) According to the information and explanations given to us and on the basis of the examination of the records, no fraud on or by the Company was noticed or reported during the course of our audit.

Shah & Co.
Chartered Accountants
Firm Registration No: 109430W

P. N. Shah
Partner
Membership No.: 001738

Place : Mumbai
Date : 29th May, 2013

Chaturvedi & Shah
Chartered Accountants
Firm Registration No: 101720W

Parag D. Mehta
Partner
Membership No.: 113904

BALANCE SHEET AS AT 31ST MARCH, 2013

	Note	As at 31.03.2013 Rs. in Lakhs	As at 31.03.2012 Rs. in Lakhs
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share Capital	2	7,771.31	7,771.31
Reserves and Surplus	3	51,734.50	43,443.57
		59,505.81	51,214.88
NON-CURRENT LIABILITIES			
Long Term Borrowings	4	7,453.61	3,267.24
Deferred Tax Liabilities (Net)	5	2,113.65	3,699.60
Long Term Provisions	9	408.62	821.74
		9,975.88	7,788.58
CURRENT LIABILITIES			
Short Term Borrowings	6	19,318.04	17,653.69
Trade Payables	7	3,447.92	2,511.46
Other Current Liabilities	8	3,939.86	3,603.60
Short Term Provisions	9	867.28	1,019.62
		27,573.10	24,788.37
TOTAL		97,054.79	83,791.83
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets :			
Tangible Assets	10	55,343.33	47,866.11
Intangible Assets	10	114.52	4,525.47
Capital Work-in-Progress	10	3,908.55	574.98
		59,366.40	52,966.56
Non-Current Investments	11	214.46	214.46
Long Term Loans and Advances	12	9,442.62	8,358.65
CURRENT ASSETS			
Inventories	13	9,214.28	11,774.97
Trade Receivables	14	4,511.31	1,939.98
Cash and Bank Balances	15	9,856.15	5,743.34
Short Term Loans and Advances	12	4,288.12	2,672.17
Other Current Assets	16	161.45	121.70
		28,031.31	22,252.16
TOTAL		97,054.79	83,791.83
Notes forming part of the financial statement	1 to 42		

As per our report of even date

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

P. N. SHAH
 Partner
 M.No.001738

Mumbai, 29th May, 2013

 For **Chaturvedi & Shah**
 Chartered Accountants
 (Registration No. 101720W)

PARAG D. MEHTA
 Partner
 M. No. 113904

For and on behalf of the Board of Directors

S. B. GARWARE
 Chairman & Managing Director

B. MORADIAN
 Director

A. B. BHALERAO
 Director

MANOJ KOUL
 Company Secretary &
 Sr. General Manager

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

	Note	2012-13 Rs. in Lakhs	2011-12 Rs. in Lakhs
INCOME :			
Revenue from Operations (Gross Including Excise Duty)	17	81,150.53	82,751.27
Less : Excise Duty		3,550.97	3,914.99
Revenue from Operations (Net)		77,599.56	78,836.28
Other Income	18	813.75	1,891.08
Total Revenue		78,413.31	80,727.36
EXPENDITURE :			
Cost of Raw Materials Consumed	19	41,503.15	44,716.44
Purchases of Traded Goods		441.83	2,831.44
Changes in Inventories of Finished goods, Work in progress & Traded goods	20	2,073.92	(2,536.11)
Employee Benefits Expense	21	5,102.89	5,543.64
Other Expenses	22	21,786.19	19,795.47
Total Expenses		70,907.98	70,350.88
Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)		7,505.33	10,376.48
Depreciation & Amortization Expenses	10	3,931.44	4,170.88
Finance Costs	25	2,946.32	2,832.75
Profit before Tax and Exceptional Items		627.57	3,372.85
Exceptional Items	24	(556.14)	(134.00)
Profit before Tax		1,183.71	3,506.85
Tax Expenses			
Current Tax		163.09	633.91
Less : Mat Credit Entitlement		(163.09)	(633.91)
(Excess) / Short Provision for Tax of earlier years		(0.99)	0.00
Deferred Tax	5	(1,585.95)	0.00
Total Tax Expenses		(1,586.94)	0.00
Profit for the year		2,770.65	3,506.85
Earning per share - Basic & Diluted (Rupees) (Face Value of Rs.10/- each) Refer Note No. 26		11.88	15.04
Notes forming part of the financial statement	1 to 42		

As per our report of even date

For and on behalf of the Board of Directors

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

For **Chaturvedi & Shah**
 Chartered Accountants
 (Registration No. 101720W)

S. B. GARWARE
 Chairman & Managing Director

A. B. BHALERAO
 Director

P. N. SHAH
 Partner
 M.No.001738

PARAG D. MEHTA
 Partner
 M. No. 113904

B. MORADIAN
 Director

MANOJ KOUL
 Company Secretary &
 Sr. General Manager

Mumbai, 29th May, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	Year ended 31.03.2013 (Rs.in Lakhs)	Year ended 31.03.2012 (Rs.in Lakhs)
A. Cash flow from operating activities:		
Net Profit before tax as per Statement of Profit and Loss account	1,183.71	3,506.85
Adjustments to reconcile profit before tax to cash provided by operating activities		
<i>Add:</i> Depreciation	3,931.44	4,170.88
Finance Cost	2,946.32	2,832.75
Loss on Exchange Rate Fluctuations	0.00	25.59
Provision for Leave & Gratuity	37.84	373.38
Sub Total	<u>6,915.60</u>	<u>7,402.60</u>
Total	<u>8,099.31</u>	<u>10,909.45</u>
<i>Less:</i> Interest income	453.63	368.75
Gain on Exchange Rate Fluctuations	21.48	0.00
Profit on sale of fixed assets	71.50	41.73
Dividend received/Income from Investment	10.82	467.61
Exceptional Items	556.14	134.00
Sundry balances Written Back (Net)	154.68	349.59
Rent	1.20	1.20
Sub total	<u>1,269.45</u>	<u>1,362.88</u>
Operating profit before working capital changes.	6,829.86	9,546.57
Adjustments for :		
Trade Receivables	(2,601.27)	956.77
Inventories	2,560.69	(2,170.88)
Trade and Other Payables	526.87	(611.50)
Loans and Advances	(2,041.85)	(2,406.00)
Cash generated from operations	<u>5,274.30</u>	<u>5,314.96</u>
Direct taxes refund/(paid)(Net)	(75.52)	(671.83)
Net cash inflow/(outflow) from operating activities	<u>5,198.78</u>	<u>4,643.13</u>
B. Cash flow from investing activities :		
Purchase of fixed assets	(6,136.45)	(2,499.75)
Proceeds from Sale of fixed assets	1,559.90	603.82
Interest received	388.46	372.63
Non current Investments	0.00	1.40
Dividend received/income from investment	10.82	467.61
Rent	1.20	1.20
Net cash inflow/(outflow) from investing activities.	<u>(4,176.07)</u>	<u>(1,053.09)</u>
C. Cash flow from financing activities :		
Interest / Financial Charges	(2,946.32)	(2,832.75)
Proceeds from Long term borrowings	6,542.09	3,128.48
(Repayments) of Long term borrowings	(1,764.33)	(7,855.16)
Proceeds (Repayment) from Short term borrowings (Net)	1,664.35	9,357.49
Dividend / Unclaimed Dividend paid including Dividend distribution Tax.	(405.70)	(2,267.03)
Net cash inflow/(outflow) from financing activities	<u>3,090.09</u>	<u>(468.97)</u>
Net increase/(decrease) in cash and cash equivalents	<u>4,112.81</u>	<u>3,121.07</u>
Cash and cash equivalents as at opening		
Cash and bank balances	5,743.34	2,622.27
Cash and cash equivalents as at closing		
Cash and bank balances	<u>9,856.15</u>	<u>5,743.34</u>
	<u>4,112.81</u>	<u>3,121.07</u>

As per our report of even date

For and on behalf of the Board of Directors

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

 For **Chaturvedi & Shah**
 Chartered Accountants
 (Registration No. 101720W)

S. B. GARWARE
 Chairman & Managing Director

A. B. BHALERAO
 Director

P. N. SHAH
 Partner
 M.No.001738

PARAG D. MEHTA
 Partner
 M. No. 113904

B. MORADIAN
 Director

MANOJ KOUL
 Company Secretary &
 Sr. General Manager

Mumbai, 29th May, 2013

1. SIGNIFICANT ACCOUNTING POLICIES

A. 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 notified Accounting Standards by companies (Accounting Standard) Rules, 2006 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.

B. Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

C. 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. Surplus on revaluation of assets is credited to Capital / Revaluation Reserve.

Depreciation / Amortization :

i) Tangible Assets-

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 on Straight Line Method as per rates prescribed under Schedule XIV of the Companies Act, 1956.

No write-off is being made in respect of leasehold land.

Assets costing Rs.5000/- or Less is depreciated fully in the year of acquisition.

ii) Intangible Assets-

Goodwill to be amortized at 1/5th per annum or as per the decision of Board of Directors.

On Technical Know-how/Product Development Expenses @ 1/6th per annum.

On Copyright Expenditure @ 1/5th per annum.

Computer software @20% per annum.

D. Impairment of assets

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

E. Investments

Investments are considered as non-current investments and are 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.

F. Inventories:

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

G. Foreign Currency Transactions

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

H. 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.

I. Employee Benefits:**i) Short Term Employee Benefits:-**

All benefits paid / payable wholly within 12 months of rendering the service are classified as short term. Benefits such as salaries, wages, short-term compensated absences, etc and the expected Cost of Bonus, Ex-Gratia, Medical, LTA are recognized undiscounted during the period in which the employee renders the related service and charged to statement of Profit and Loss.

ii) Defined Contribution Plans:

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

iii) Defined Benefit Plans:

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

J. Lease Rentals

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

K. Research & Development

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

L. Revenue Recognition**i) Sale of products:**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured are accounted for inclusive of excise duty and VAT/ sales tax (wherever not charged separately), and are net of discounts and returns.

ii) Export Benefits:

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

iii) Others

Revenue from services is recognised on rendering of services.

Dividend income is recognised when the right to receive payment is established.

Interest income is recognised on the time proportion basis.

M. Taxation

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

N. Borrowing Cost:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to Profit and Loss account.

O. Measurement of EBITDA

The company has elected to present earnings before interest (Finance cost), Tax, Depreciation and amortization (EBITDA) as a separate line item on the face of the Statement of Profit and Loss for the year. The company measures EBITDA on the basis of Profit / (Loss) from continuing operations.

P. Provisions, Contingent Liabilities & Contingent Assets:

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

Q. Earning per Share

Earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividend and attributable taxes) by the weighted average number of equity shares outstanding during the year.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	As at 31.03.2013 (Rs. in Lakhs)	As at 31.03.2012 (Rs. in Lakhs)
2. SHARE CAPITAL		
Authorised :		
40,000,000 Equity shares of Rs. 10/- Each (Previous year 40,000,000)	4,000.00	4,000.00
6,000,000 Preference Shares of Rs. 100/- Each (Previous year 6,000,000)	6,000.00	6,000.00
	<u>10,000.00</u>	<u>10,000.00</u>
Issued, Subscribed and Fully Paid-up :		
23,315,150 Equity Shares of Rs. 10/- Each (Previous year 23,315,150)	2,331.52	2,331.52
Less: Unpaid Allotment/Call Money (from Others)	6.21	6.21
	<u>2,325.31</u>	<u>2,325.31</u>
5,446,000 0.01% Cumulative Redeemable Preference Shares of Rs. 100/- each (Previous year 5,446,000) (Refer Notes below)	5,446.00	5,446.00
TOTAL	<u>7,771.31</u>	<u>7,771.31</u>

Out of the above :

- (i) 2,00,000 Equity shares of Rs.10/- each were allotted as fully paid up to various schemes operating under UTI Assets Management Company Ltd at a premium of Rs. 22.67 per Share on 23rd December 2008 as per arrangement (Previous year 200,000).
- (ii) 2,54,764 Equity Shares of Rs. 10/- Each fully paid-up issued to the shareholders of Garware Chemicals Limited (GCL) as per scheme of arrangement under section 391 to 394 of the Companies Act, 1956 on 14th November 2011 (Previous year 2,54,764).
- (iii) 54,46,000 0.01% Cumulative Redeemable Preference Shares of Rs. 100/- each were allotted as fully paid up to IDBI at par (49,54,000 on 7th November 2007 and 4,92,000 on 19th June 2008) as per arrangement. (Previous year 54,46,000).

Terms / Rights attached to Shares :

Equity Shares :

The company has only one class of equity shares having a par value of Rs.10/- per share. Each equity shareholder is entitled to one Vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the board of directors is subject to approval of shareholders in the ensuing Annual general meeting.

During the year ended on 31st March 2013, the amount of dividend, per share, recognised as distributions to equity shareholder is Rs. Nil per share (year ended 31st March 2012 Rs.1.50/- per share).

As per the companies act 1956 the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts in the event of Liquidation of the company. The distribution will be in proportion to the number of equity shares held by the shareholder.

Preference Shares :

The preference shares amounting to Rs. 4,954.00 Lakhs allotted on 07.11.2007 are redeemable in 3 equal installments from 1st April 2014 to 1st April 2016 and Rs. 492.00 Lakhs allotted on 19.06.2008 shall be redeemed in single installment on 1st April 2016. These preference shares carry a fixed cumulative dividend of 0.01% per annum.

Reconciliation of the number of Shares Outstanding at the beginning and at the end of the year

	As at 31.03.2013		As at 31.03.2012	
	No. of Shares	Rs. in Lakhs	No. of Shares	Rs. in Lakhs
Equity Shares				
At the beginning of the period	23,315,150	2,331.52	12,583,286	1,258.33
10,477,100 Equity shares of Rs.10/- each fully paid up issued to Great Design Properties Pvt.Ltd (GDPPL) & 254,764 Equity Shares of Rs.10/- each fully paid up issued to Garware Chemicals Ltd (GCL) as per scheme of amalgamation and arrangement under section 391 to 394 of the companies Act, 1956.	0	0.00	10,731,864	1,073.19
Outstanding at the end of the year	<u>23,315,150</u>	<u>2,331.52</u>	<u>23,315,150</u>	<u>2,331.52</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

Details of Shareholders holding more than 5% Equity Shares in the company

Name of the Shareholder	As at 31.03.2013		As at 31.03.2012	
	No. of Shares	% of Holding	No. of Shares	% of Holding
S.B.Garware Family Trust	10,477,100	44.94	10,477,100	44.94
Bharat Jayantilal Patel	1,165,818	5.00		

Preference Shares

	As at 31.03.2013		As at 31.03.2012	
	No. of Shares	Rs. in Lakhs	No. of Shares	Rs. in Lakhs
At the beginning of the year	5,446,000	5,446.00	5,446,000	5,446.00
Issued during the year	0	0.00	0	0.00
Outstanding at the end of the year	5,446,000	5,446.00	5,446,000	5,446.00

Details of Shareholders holding more than 5% Preference Shares in the company

Name of the Shareholder	As at 31.03.2013		As at 31.03.2012	
	No. of Shares	% of Holding	No. of Shares	% of Holding
IDBI Bank Limited	5,446,000	100.00	5,446,000	100.00

3. RESERVES AND SURPLUS

	As at 31.03.2013 Rs. in Lakhs	As at 31.03.2012 Rs. in Lakhs
Capital Reserve :		
Balance as per last Balance Sheet	4,439.48	4,439.48
Securities Premium Reserve :		
Balance as per last Balance Sheet	592.14	592.14
Debenture Redemption Reserve :		
Balance as per last Balance Sheet	0.00	1,356.05
Less: Transfer to General reserve	0.00	1,356.05
	0.00	0.00
Revaluation Reserve :		
Balance as per last Balance Sheet	4584.49	4584.49
Add : Additions during the year (Refer Note No.28)	18755.94	0.00
Less: Impairment (Refer Note No. 28)	13235.03	0.00
	10,105.40	4,584.49
General Reserve		
Balance as per last Balance Sheet	6,909.91	5,378.52
Add : Transferred from Surplus in statement of Profit and Loss Account	0.00	175.34
Add : Transferred from Debenture Redemption Reserve	0.00	1,356.05
Closing Balance	6,909.91	6,909.91
Surplus in the statement of Profit and Loss		
Balance as per last Balance Sheet	26,917.55	23,993.13
Add: Profit for the year	2,770.65	3,506.85
Less : Appropriations		
Dividend Payable on preference shares [One paise per share (previous year One paise per share)]	0.54	0.54
Proposed Dividend on equity shares [Rs. Nil per share (previous year Rs.1.50 per share)]	0.00	349.73
Tax on Dividend	0.09	56.82
Transfer to General Reserve	0.00	175.34
	29,687.57	26,917.55
TOTAL	51,734.50	43,443.57

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013
4. LONG TERM BORROWINGS

	Non-Current		Current	
	As at 31.03.2013 Rs. in Lakhs	As at 31.03.2012 Rs. in Lakhs	As at 31.03.2013 Rs. in Lakhs	As at 31.03.2012 Rs. in Lakhs
Secured Loans				
Term Loans :				
Indian Rupee Loan from Banks	4,964.48	207.48	1,529.70	740.00
Foreign Currency Loan from Banks	1,074.67	1,527.43	737.84	814.08
Vehicle Finance Lease Obligation	211.00	328.87	124.82	115.46
Unsecured Loans :				
Interest Free Sales Tax / VAT Deferral Loan of SICOM	1,203.46	1,203.46	0.00	0.00
TOTAL	7,453.61	3,267.24	2,392.36	1,669.54

- 1) Term Loans of Rs. 8,306.69 Lakhs (Previous year Rs. 3,288.99 Lakhs) are secured as under:
 - a) Term Loan of Rs. Nil (Previous year Rs. 88.16 Lakhs) is secured by charge on the specific project assets and also by way of second charge on current assets of the company. The loan is repaid fully as per repayment schedule.
 - b) Term Loan of Rs 8,306.69 Lakhs (Previous year Rs.3,200.83 Lakhs) is secured by first *paripassu* charge on Fixed assets of the company both present and future except Land and Building at Vile Parle, Mumbai also by way of second *paripassu* charge on current assets of the company. The loans are repayable in 20 quarterly installments from quarter ended March 2011 till December 2018.
- 2) Vehicle Finances of Rs. 335.82 Lakhs (Previous year Rs. 444.33 Lakhs) are secured by hypothecation of specific assets. The loans are repayable in 60 monthly Installments The installment are payable from June 2009 till November 2016 covering all loans taken at various dates.
- 3) Deferral Loan from SICOM is payable from April 2016 to April 2026.
- 4) The rate of interest on Foreign Currency Loans are at LIBOR + 7.5%, on Rupee loan @ 13% to 14.25% p.a. and on Vehicle Loan @ 8.50% to 15.50% p.a.

5. DEFERRED TAX LIABILITY (NET) :

Major components of deferred tax (liabilities)/assets arising on account of timing differences as at 31st March 2013 are as follows

	As at 31.03.2013 (Rs. in Lakhs)	As at 31.03.2012 (Rs. in Lakhs)
Deferred Tax Assets :		
Disallowance U/S 43 B of the Income Tax Act, 1961	190.82	24.98
Unabsorbed Business Losses & Depreciation	1,056.78	1,024.56
Others	273.03	178.66
(i)	1,520.63	1,228.20
Less :- Deferred Tax Liability :		
Excess of Net Block over WDV as per the Income Tax Act, 1961	(ii) 3,634.28	4,152.18
Deferred Tax Asset/(Liability) (Net)	(i - ii) (2,113.65)	(2,923.98)
Deferred Tax Asset/(Liability) as per Balance Sheet (Previous year)	(3,699.60)	
Deferred Tax Expense/(Income) Recognised in Profit & Loss (Including Rs.775.62 Lakhs of Previous year)	(1,585.95)	

6. SHORT TERM BORROWINGS

	As at 31.03.2013 (Rs. in Lakhs)	As at 31.03.2012 (Rs. in Lakhs)
Cash / Packing Credit from Banks :		
Indian rupees (Secured)	504.84	0.00
Foreign currency (Secured)	4,151.89	3,361.12
Working Capital Loans	14,661.31	14,292.57
TOTAL	19,318.04	17,653.69

- a) Cash / Packing Credit Loans are secured by hypothecation of all the current assets including all stocks, book debts etc of the Company and further secured by a second charge on fixed assets of the company excluding Vile Parle property.
- b) Interest on working capital (Rupee) Loans ranges between 11% to 16.70% p.a. and Foreign Currency Loans Libor + 3% to Libor + 3.50% p.a.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

7. TRADE PAYABLES	As at 31.03.2013 (Rs. in Lakhs)	As at 31.03.2012 (Rs. in Lakhs)
Due to Micro, Small & Medium Enterprises (Refer Note No.37)	280.25	199.34
Others	3,167.67	2,312.12
TOTAL	3,447.92	2,511.46

8. OTHER CURRENT LIABILITIES	As at 31.03.2013 (Rs. in Lakhs)	As at 31.03.2012 (Rs. in Lakhs)
Current maturities of long term borrowing (Refer Note No.4)	2,392.36	1,669.54
Unclaimed Dividend #	67.95	67.80
Unclaimed Debenture & Interest	2.14	2.14
Deposit & Advances from Customers & Vendors	411.23	637.13
Creditors for Capital Expenditure	534.87	653.23
Balance With Banks - Overdrawn as per Books	39.71	0.00
Payable to Employees	52.43	127.64
Statutory Liabilities	174.07	129.46
Provision For Expenses	265.10	316.66
TOTAL	3,939.86	3,603.60

These Figures do not include any amount due and outstanding to be credited to The Investor Education and Protection Fund. During the year ended 31st March 2013 company had deposited Rs. 4.55 Lakhs to the "The Investor Education and Protection Fund" towards unclaimed dividend.

9. PROVISIONS	Long Term		Short Term	
	As at 31.03.13 (Rs. in Lakhs)	As at 31.03.12 (Rs. in Lakhs)	As at 31.03.13 (Rs. in Lakhs)	As at 31.03.12 (Rs. in Lakhs)
Provisions for Employee benefits:- (Refer Note No.27)				
Provision for Gratuity	0.00	0.00	142.53	407.36
Provision for leave encashment	408.62	821.74	719.95	180.17
	408.62	821.74	862.48	587.53
Other Provisions				
Provision for Dividend on preference Shares	0.00	0.00	0.54	0.54
Provision for Proposed Dividend on Equity Shares	0.00	0.00	1.24	349.73
Provision for Tax on Dividend	0.00	0.00	0.09	56.82
Provision for Wealth Tax	0.00	0.00	2.93	25.00
	0.00	0.00	4.80	432.09
TOTAL	408.62	821.74	867.28	1,019.62

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

10. FIXED ASSETS

Rs. in Lakhs

DESCRIPTION	Gross Block			Depreciation / Amortisation			Net Block					
	As at 01.04.2012	Additions / Adjustments during the year	Additions due to Revaluation (Refer Note No.28)	Disposal/ Transfers/ Adjustments during the year	As at 31.03.2013	Up to 01.04.2012	Charge for the year	Disposal/ Transfers/ Adjustments during the year	Up to 31.03.2013	Impairment (Refer Note No.28)	As at 31.03.2013	As at 31.03.2012
TANGIBLE ASSETS :-												
Land (Freehold)	11,576.62		13,900.30		25,476.92	0.00	0.00		0.00		25,476.92	11,576.62
Land (Leasehold)	1,863.36		4,855.64		6,719.00	0.00	0.00		0.00		6,719.00	1,863.36
Buildings	9,491.92	218.07	1,604.51		8,105.48	5,611.23	307.46	150.41	5,768.28	101.25	2,235.95	3,880.69
Plant & Machinery	69,556.17	2,651.62	11.72		72,196.07	40,383.87	3,295.18	4.51	43,674.54	8,722.52	19,799.01	29,172.27
Electrical Installations	3,019.27				3,019.27	2,647.65	51.69		2,699.34		319.93	371.62
Moulds	287.54				287.54	287.54	0.00		287.54		0.00	0.00
Laboratory Equipments	398.19	21.44			419.63	264.30	19.10		283.40	10.90	125.33	133.89
Furniture & Fixtures	547.49	3.13			550.62	479.19	13.74		482.93		57.69	68.30
Office Equipments	595.29	14.89		1.97	608.21	438.15	23.13		459.31		148.90	157.14
Vehicles	308.86	7.93		60.54	256.25	232.20	15.31		214.06		42.19	76.66
Vehicles on Finance Lease	753.83				753.83	287.14	120.82		407.96		345.87	466.69
Capital Expenditure On Research & Development	218.60	0.32			218.92	215.17	1.07		216.24		2.68	3.43
Data Processing Equipments	1,359.54	15.89			1,375.43	1,264.10	41.47		1,305.57		69.86	95.44
TOTAL (A)	99,976.68	2,933.29	18,755.94	1,678.74	119,987.17	52,110.54	3,888.97	190.34	55,809.17	8,834.67	55,343.33	47,866.11
INTANGIBLE ASSETS :-												
Software	195.24	31.88			227.12	70.79	41.81		112.60		114.52	124.45
Copyrights	157.46				157.46	157.46	0.00		157.46		0.00	0.00
Expenditure on Technical Know how/Product Development	1,430.76				1,430.76	1,430.10	0.66		1,430.76		0.00	0.66
Goodwill	4,400.36				4,400.36	0.00	0.00		0.00	4,400.36	0.00	4,400.36
TOTAL (B)	6,183.82	31.88	0.00	0.00	6,215.70	1,658.35	42.47	0.00	1,700.82	4,400.36	114.52	4,525.47
TOTAL (A + B)	106,160.50	2,965.17	18,755.94	1,678.74	126,202.87	53,768.89	3,931.44	190.34	57,509.99	13,235.03	55,457.85	52,391.58
Previous Year	106,596.58	3,207.07	0.00	3,643.15	106,160.50	52,679.10	4,170.88	3,081.06	53,768.92	0.00	52,391.58	
Capital Work in Progress #											3,908.55	574.98

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.
 - Freehold Land and Leasehold Land is revalued on 31st March 2013 with reference to the then current market prices, amount added on revaluation is Rs. 13,900.30 Lakhs and Rs. 4,855.64 lakhs respectively; the revalued amount substituted for historical cost on 31st March 2013 is Rs. 25,476.92 lakhs and Rs. 6,719.00 Lakhs respectively.
 - Building include Rs. 0.07 Lakh being value of 136 shares in Co-op. Housing Societies.
 - In accordance with Accounting Standard (AS-11) and Amendment Rules 2009 on AS-11 Notified by Government of India on 31.03.2009 and subsequent amendment dtd.29th December 2011, company has capitalised Rs. 162.29 Lakhs to Plant and Machinery (Previous year - Rs.409.46 lakhs) on account of exchange rate difference on foreign currency loans.
- # The break up of Expenses capitalized and shown under Capital Work in Progress (Pending Allocation) as on 31.03.2013 is as under:

Particulars	2012-13	2011-12
	Rs. in Lakhs	Rs. in Lakhs
Interest	129.96	42.27
Bank / Financial Charges	89.81	18.35
Others	360.42	0.00
Total	580.19	60.62

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

11. NON-CURRENT INVESTMENTS	As at 31.03.2013		As at 31.03.2012	
	Rs. in Lakhs		Rs. in Lakhs	
Non Trade Investments				
A. In Government Securities (Unquoted)				
1) 10 years-8.5% Rural Debentures of Maharashtra State Electricity Board of the face value of Rs. 0.17 Lakh	-		-	
2) 7 years National Savings Certificates of the face value of Rs. 0.03 lakh (Lodged with the Excise Authorities as Security Deposit)	-		-	
	-		-	
B. In Shares :				
Quoted Equity Instruments				
50 Equity Shares of M.M. Rubber Ltd. of the face value of Rs.10/- each, fully paid-up.	0.01		0.01	
2,80,000 Equity Shares of Garware Marine Industries Ltd, of the face value of Rs.10/- each, fully paid-up.	-		-	
4,00,300 Equity Shares of Garware Wall Ropes Limited, of the face value of Rs.10/- each, fully paid-up.	56.98		56.98	
200 Equity Shares of NALCO of the face value of Rs.10/- each fully paid up.	0.81		0.81	
	57.80		57.80	
Unquoted Equity Instruments				
<u>In Subsidiary Companies</u>				
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	
<u>In Associate Company.</u>				
75,201 Equity Shares of Garware Chemicals Ltd of the face value of Rs.10/- each fully paid-up including five equity shares held by nominees.	7.52		7.52	
	141.09		141.09	
Unquoted Equity Instruments				
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	
2,500 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	
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	
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	
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	
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	
1,000 Equity Shares of Poornawadi co-op Bank Ltd of the face value of Rs. 100/- each fully paid-up.	1.00		1.00	
100 Equity Shares of Cosmos Co-operative Bank Ltd of the face value of Rs.10/-each fully paid up.	0.02		0.02	
	15.57		15.57	
TOTAL	214.46		214.46	
	Cost	Market Value	Cost	Market Value
Aggregate amount of company's Investment				
Quoted	57.80	191.60	57.80	221.18
Unquoted	156.66		156.66	
TOTAL	214.46	191.60	214.46	221.18

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

12. LOANS & ADVANCES	Non-current		Current	
	As at 31.03.2013 Rs. in Lakhs	As at 31.03.2012 Rs. in Lakhs	As at 31.03.2013 Rs. in Lakhs	As at 31.03.2012 Rs. in Lakhs
Capital Advances				
Secured, Considered Good (#)	126.30	11.91	0.00	0.00
Unsecured, Considered Good	1,513.75	69.35	0.00	0.00
(A)	1,640.05	81.26	0.00	0.00
Security Deposit				
Unsecured, Considered Good (Including Rs. 30.00 Lakhs due from Director (Rent Deposit) (Previous year Rs. 30.00 Lakhs))	109.72	118.04	0.00	0.00
(B)	109.72	118.04	0.00	0.00
Advances Recoverable in Cash or Kind				
Unsecured, Considered Good	0.00	45.27	189.30	243.88
(C)	0.00	45.27	189.30	243.88
Other Loans & advances				
Advance Income-Tax (Net of Provision for Taxation)	131.95	218.53	0.00	0.00
MAT Credit Entitlement	5,849.43	5,686.34	0.00	0.00
Prepaid Expenses	0.00	0.00	576.34	521.04
Loan and Advances to Employee	0.00	0.00	23.80	15.94
Balances with Statutory/Government Authorities	1,711.47	2,209.21	3,498.68	1,891.31
(D)	7,692.85	8,114.08	4,098.82	2,428.29
TOTAL (A +B+C+D)	9,442.62	8,358.65	4,288.12	2,672.17
# Secured against Bank Guarantee.				
13. INVENTORIES (Valued at lower of cost and net realisable value)			As at 31.03.2013 Rs. in Lakhs	As at 31.03.2012 Rs. in Lakhs
a) Stores, Spares & Packing Materials			1,957.75	2,185.72
b) Raw Materials			1,426.17	1,684.97
c) Finished Goods			409.61	661.15
d) Stock in Transit - Finished Goods			85.83	2,198.02
e) Semi finished Goods			5,334.92	5,019.51
f) Stock in Transit - Semi finished Goods			0.00	25.60
TOTAL			9,214.28	11,774.97
14. TRADE RECEIVABLES			As at 31.03.2013 Rs. in Lakhs	As at 31.03.2012 Rs. in Lakhs
Unsecured, considered good unless otherwise stated excluding bills receivable discounted [Refer Note No. 36(d)]				
a) Debts outstanding for a period exceeding six months from the date they are due for payment.				
i) Unsecured, Considered Good			54.36	0.60
ii) Doubtful			258.85	514.18
			313.21	514.78
Less : Provision for Doubtful Receivables			258.85	514.18
			54.36	0.60
b) Other Receivables				
Unsecured, Considered Good			4,456.95	1,939.38
			4,456.95	1,939.38
TOTAL (a+b)			4,511.31	1,939.98
Trade Receivables Include				
Due from company in which the Directors are Director / Member.			26.36	0.00
Due from subsidiary companies			319.98	64.01
			346.34	64.01

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

15. CASH & BANK BALANCES	As at 31.03.2013 Rs. in Lakhs	As at 31.03.2012 Rs. in Lakhs
Cash & Cash Equivalents		
a) Balances with Bank :		
In Current Accounts	2,400.65	1,444.16
In Fixed Deposit	7,350.62	4,200.00
b) Cash on hand	36.93	10.87
Other Bank Balances		
In Unclaimed Dividend Accounts	67.95	67.26
Margin Money Deposit	0.00	21.05
TOTAL	9,856.15	5,743.34
(Fixed Deposit with Bank includes Rs. Nil (Previous year Rs. 4.00 Lakhs) with maturity of more than 12 Months)		
16. OTHER CURRENT ASSETS		
Interest accrued on fixed Deposit & Others	86.97	21.80
Other receivable	74.48	99.90
TOTAL	161.45	121.70
17. REVENUE FROM OPERATIONS :	2012-13	2011-12
	Rs. in Lakhs	Rs. in Lakhs
Sale of Products	78,436.23	81,337.03
Other operating Revenue		
Export Incentives	2,545.89	1,273.82
Others	168.41	140.42
Revenue from operation (Gross including excise duty)	81,150.53	82,751.27
Details of products sold :		
Polyester Films	78436.23	81337.03
18. OTHER INCOME		
Interest Income on :		
Bank Deposits	450.40	365.04
Income Tax & Sales Tax Refund	0.00	1.21
Others	3.23	2.50
Dividend Income on :		
Investment in subsidiary	0.00	455.95
Long term investment	10.82	11.66
Insurance Claims	29.10	91.67
Profit on Sales of fixed Assets	71.50	41.73
Excess provision/Sundry credit Balances Written Back	154.68	349.59
Rent	1.20	1.20
Sales Tax Refund	0.00	429.94
Gain on Exchange rate fluctuations	27.08	140.59
Other Miscellaneous Income	65.74	0.00
TOTAL	813.75	1,891.08
19. COST OF RAW MATERIALS CONSUMED		
Inventory at the beginning of the year	1,684.97	2,268.33
Add : Purchases	41,244.35	44,133.08
	42,929.32	46,401.41
Less : Inventory at the end of the year	1,426.17	1,684.97
Cost of Raw materials consumed	41,503.15	44,716.44

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

Details of Raw Materials Consumed	2012-13 Rs. in Lakhs	2011-12 Rs. in Lakhs
PTA	18,646.93	22,841.48
MEG	6,966.14	8,740.02
Chemicals & others	15,890.08	13,134.94
TOTAL	*41,503.15	44,716.44
*After adjusting sale of raw material amounting to Rs. 813.75 Lakhs (Previous year Rs. 602.38 Lakhs).		
Details of inventory		
PTA	28.47	129.51
MEG	112.10	76.48
Chemicals & others	1,285.60	1,478.98
TOTAL	1,426.17	1,684.97
20. (INCREASE) / DECREASE IN FINISHED AND SEMI-FINISHED GOODS		
Inventories at the end of the year		
Work In Progress	5,334.92	5,045.11
Finished Goods	495.44	2,859.17
	5,830.36	7,904.28
Inventories at the beginning of the year		
Work In Progress	5,045.11	3,093.69
Finished Goods	2,859.17	2,274.48
	7,904.28	5,368.17
(Increase) / Decrease	2,073.92	(2,536.11)
21. EMPLOYEE BENEFITS EXPENSE (Refer Note No. 29)		
Salaries, Wages and Bonus	4,404.37	4,450.73
Contribution to provident fund and other funds	388.18	788.18
Staff welfare expenses	310.34	304.73
TOTAL	5,102.89	5,543.64
22. OTHER EXPENSES		
Stores, Spares & Packing Materials Consumed	3,309.92	3,149.77
Power and Fuel	8,999.27	8,365.58
Processing Charges	2,007.98	1,200.44
Water Charges	89.81	55.04
Rent, Hire Charges and Compensation	106.32	89.68
Rates, Taxes and License Fees	48.98	65.85
Insurance	193.74	160.91
Freight & Forwarding (Net)	1,988.59	1,612.22
Research and Development Expenses	166.41	154.39
Advertisement Expenses	22.32	103.93
Repairs and Maintenance Expenses :-		
Plant and Machinery	804.88	683.44
Building	340.27	326.20
Other Assets	617.25	507.79
Sales Tax / VAT	8.49	136.53
Travelling & Conveyance	317.69	335.14
Postage, Telegrams & Telephones	115.88	101.28
Commission on Sales	358.54	523.54
Donations	60.00	135.00
Legal and Professional Charges (Refer Note No. 31)	692.50	725.61
Auditors Remuneration (Refer Note No. 23)	39.38	27.36
Director Sitting Fees	1.99	1.67
Miscellaneous Expenses	1,495.98	1,334.10
Bad Debts Written Off	255.23	
Less : Provision for Doubtful Debts	255.23	
	0.00	0.00
TOTAL	21,786.19	19,795.47

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	2012-13 Rs. in Lakhs	2011-12 Rs. in Lakhs
23. REMUNERATION TO AUDITORS AS :		
Audit Fees	20.00	10.00
Tax Audit Fees	5.00	5.00
For Certification / Others	14.05	12.13
Reimbursement of Out of Pocket Expenses	0.33	0.23
TOTAL	39.38	27.36
24. EXCEPTIONAL ITEMS		
1) Excess provision of commission	0.00	(134.00)
2) Central Sales Tax claim receivable (Refer Note No.32)	(556.14)	0.00
TOTAL	(556.14)	(134.00)
25. FINANCE COST		
Interest Expenses #	671.02	549.31
Other Borrowing Cost	2,191.09	1,969.54
Applicable Loss on Foreign Currency Transactions and Translations	84.21	313.90
TOTAL	2,946.32	2,832.75
# After Capitalisation of Rs. 200.84 Lakhs (Previous year Rs. 42.27 Lakhs).		
26. EARNINGS PER SHARE (EPS)		
Profit after Tax	2,770.65	3,506.85
Less: Dividend on Preference Shares including Tax	0.63	0.63
Amount available for Equity Share Holders	2,770.02	3,506.22
Weighted average number of Equity Shares (Basic & Diluted) including outstanding	23,315,150	23,315,150
Earning per share - Basic & Diluted (Rupees) (absolute)	11.88	15.04
27. DISCLOSURE AS PER AS-15 (REVISED) ON "EMPLOYEE BENEFITS"		
	2012-13 Rs. in Lakhs	2011-12 Rs. in Lakhs
A. Funded retirement benefit - Gratuity		
Change in the defined benefit obligations		
Defined benefit obligations at beginning of the year	2,063.44	1,688.41
Service Cost	117.48	114.05
Interest Cost	157.88	135.41
Actuarial Loss / (Gain)	(221.20)	219.39
Benefits paid	(414.96)	(93.82)
Defined benefit obligations at end of the year (a)	1,702.64	2,063.44
Change in plan assets		
Fair Value of plan assets as at beginning of the year	1,656.08	1,430.98
Expected return on plan assets	144.53	138.11
Contributions by employer	177.99	180.81
Actuarial Gain / (Loss)	(3.53)	0.00
Benefits paid	(414.96)	(93.82)
Fair value of plan assets at end of the year (b)	1,560.11	1,656.08
Present Value of funded obligations (a-b)	142.53	407.36
The net amount recognized in the statement of profit and loss for the year ended 31st March 2013 is as follows:		
Current Service Cost	117.48	114.05
Interest Cost	157.88	135.41
Expected return on plan assets	(144.53)	(138.11)
Net actuarial Loss / (Gain) recognized	(217.67)	219.39
Net amount recognized	(86.84)	330.74
The principal actuarial assumptions used as at 31st March 2013 are as follows:		
Discount Rate	8.05%	8.50%
Expected rate of return on plan assets		
Withdrawal rate	5%	5%
Rate of increase in compensation levels	5%	5%

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

Other Disclosure

	31.03.2013	31.03.2012	31.03.2011	31.03.2010	30.09.2009
Present value of Defined benefit obligation	1,702.64	2,063.44	1,688.41	1,509.87	1,295.89
Fair value of plan Assets	1,560.11	1,656.08	1,430.98	1,301.16	1,226.56
(Deficit) / Surplus of the plan	142.53	407.36	257.43	208.71	69.33
Experience Adjustment on Plan Liabilities Loss/(Gain)	---	---	*	*	*
Experience Adjustment on Fair Value of Plan Assets	3.53	0.01	*	*	*

* Not available in the valuation report for the financial year 2010-11,2009-10,2008-09 and hence are not furnished.

B. Un-funded retirement benefit - Leave Encashment

	2012-13 Rs. in Lakhs	2011-12 Rs. in Lakhs
Change in the defined benefit obligations		
Defined benefit obligations at beginning of the year	1,001.91	935.46
Service Cost	62.69	43.99
Interest Cost	84.04	75.81
Actuarial Loss / (Gain)	6.29	(29.89)
Benefits paid	(26.36)	(23.46)
Defined benefit obligations at end of the year (a)	1,128.57	1,001.91
Change in plan assets		
Contributions by employer	26.36	23.46
Benefits paid	(26.36)	(23.46)
Fair value of plan assets at end of the year (b)	0.00	0.00
Present Value of un funded obligations (a-b)	1,128.57	1,001.91
The net amount recognized in the statement of profit and loss for the year ended 31st March 2013 is as follows:		
Current Service Cost	62.69	43.99
Interest Cost	84.04	75.81
Net actuarial Loss / (Gain) recognized	6.29	(29.89)
Net amount recognized	153.02	89.91
The principal actuarial assumptions used as at 31st March 2013 are as follows:		
Discount Rate	8.05%	8.50%
Expected rate of return on plan assets		
Withdrawal rate	5%	5%
Rate of increase in compensation levels	5%	5%

28. The company has revalued its Aurangabad and Nashik land at Rs. 21,803.73 Lakhs on the basis of certified valuer's (M/s VGK Truman Consultancy Pvt. Ltd.) report dated 25/04/2013. This has resulted in land being further revalued by Rs.18,755.94 lakhs. The consequent appreciation in value has been credited to Revaluation Reserve.

Further in accordance with Accounting Standard (AS-28) issued by the Institute of Chartered Accountants of India, dealing with "Impairment of Assets", the company has been advised that there was impairment of certain Cash Generating Unit (CGU) by considering the market value and its potential capacity to generate cash flows. On the basis of the report given by a professional consultancy firm of valuers such impairment in value of CGU works out to Rs. 13,235.03 Lakhs. This has been adjusted against the balance in Revaluation Reserve as provided in the scheme of Arrangement between Garware Chemicals Ltd. and the company under section 391 to 394 of the Companies Act. 1956, as sanctioned by the Hon'ble High Court of Judicature at Bombay by its order dated 21st October 2011.

29. The remuneration of Rs. 767.68 Lakhs paid to the Managing director, Joint Managing directors and Director are subject to the sanction of the Central Government in respect of which applications have been made and are pending with Government. (Previous year Rs.666.64 Lakhs which was subject to sanction of Central Government has been duly approved.)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013
30. LEASES :

The company has entered in to finance and operating lease agreements. As required under the Accounting Standard 19 on 'Leases' , the future minimum lease payments on account of each type of lease are as follows.

A. Hire Purchase / Finance Leases (Vehicle)

(Rs. in Lakhs)

Particulars	Future Lease payments		Present Value of Future Minimum Lease Payments		Finance Charges	
	2013	2012	2013	2012	2013	2012
As at 31st March						
Not later than one year	155.20	151.15	124.81	108.51	30.39	42.64
Later than one year and not later than five years	233.14	388.34	211.02	335.83	22.12	52.51
Later than five years	0.00	0.00	0.00	0.00	0.00	0.00

B. Operating Leases

The company has taken various residential /commercial premises and vehicles on operating leases. These operating lease are in the nature of "cancellable lease" therefore disclosure as per Accounting Standard 19 is not required.

31. Legal and Professional Charges include Rs. 5.50 Lakhs (Previous year Rs. 6.09 Lakhs) paid to some of the Partners of the Auditors for other services and Rs. Nil Lakhs for Amalgamation Expenses (Previous year Rs. 74.46 Lakhs).
32. The Company has expensed out / Written off Sales Tax receivable of Rs.1,684.36 Lakhs in prior years pursuant to amendment of MVAT Act by Government of Maharashtra with retrospective effect. However, as per legal opinion obtained by the company, this amendment was not applicable to CST. Accordingly, part amount of Rs. 556.14 Lakhs relating to CST which has been expensed out earlier, is now written back by the company.

33. 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:-
- Revenue within India includes sales to customers located within India.
 - Revenue outside India includes sales to customers located outside India including Export Benefits / Incentives.

Sales	2012-13	2011-12
	Rs. in Lakhs	Rs. in Lakhs
Within India	31,390.03	43,651.14
China (Including Export Incentives)	9,859.04	6,924.11
Rest of world (Including Export incentives)	39,901.46	32,176.02
TOTAL	81,150.53	82,751.27

34 RELATED PARTY DISCLOSURES

- a) List of Related Parties

Subsidiary	Garware Polyester International Limited
Step down Subsidiary	Global Pet Films Inc.
Key Management Personnel	Shri. S. B. Garware Mrs. S. S. Garware Mrs. Monika Garware Modi Mrs. Sarita Garware Ramsay Ms. Sonia S. Garware
Enterprises over which key Managerial Person are able to exercise significant influence	S. B. Garware Family Trust Garware Charitable Trust Garware Industries Ltd.
Associate Companies	Garware Chemicals Ltd.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

b) Transaction with Related Parties	2012-13	2011-12
	Rs. in Lakhs	Rs. in Lakhs
1) Sales of Goods		
i) Subsidiaries	1,014.84	1,761.85
ii) Step down Subsidiary	4,036.94	2,314.70
iii) Associate Companies	2,511.60	2,998.10
iv) Enterprise over which Key Managerial Person are able to exercise significant influence	4,327.58	5,370.70
2) Purchase of Materials		
i) Enterprise over which Key Managerial Person are able to exercise significant influence	4,444.88	7,183.16
3) Service Received / Processing Charges/Reimb.of Expenses		
i) Subsidiaries	306.30	259.69
ii) Step down Subsidiary	0.00	206.61
iii) Associate Companies	24.58	29.64
iv) Enterprise over which Key Managerial Person are able to exercise significant influence	1,986.40	1,213.74
4) Service Rendered		
i) Subsidiaries	0.00	61.11
ii) Step down Subsidiary	0.00	22.82
iii) Enterprise over which Key Managerial Person are able to exercise significant influence	1.35	12.66
5) Dividend from Subsidiary Company	0.00	455.95
6) Sale of Capital Assets to a Director	0.00	250.00
7) Balances [Dr / (Cr)]		
i) Subsidiaries	(348.77)	9.74
ii) Step down Subsidiary	308.81	(20.42)
iii) Associate Company	(13.51)	(82.92)
iv) Enterprise over which Key Managerial Person are able to exercise significant influence	26.36	(24.96)
iv) Receivable from Director (Rent Deposit)	30.00	30.00
8) Key Management Personnel & Relative Managerial Remuneration (Including Employee Benefits)	728.58	616.22
9) Rent Paid to Director	60.00	15.00
10) Donation to Garware Charitable Trust	60.00	135.00
11) Director Sitting Fees	0.40	0.35

Figures are on gross basis (Including Taxes and Duties)

35. CAPITAL AND OTHER COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 3,520.61 Lakhs (Previous year Rs. 5,169.49 Lakhs) against which an advance of Rs.1,640.05 Lakhs (Previous year Rs. 81.26 Lakhs) has been paid.

36. CONTINGENT LIABILITIES

a) Contingent Liabilities not provided for -	As at	As at
	31.03.2013	31.03.2012
	Rs. in Lakhs	Rs. in Lakhs
Disputed matters in appeal / contested in respect of:		
Income Tax	209.31	158.20
Excise Duty and Service Tax	208.48	43.94
Sales Tax	17.13	17.13
Local Body Tax	302.62	0.00
Maharashtra State Electricity Board (MSEB)	27.72	27.72
TOTAL	765.26	246.99

b) The Company has given counter-guarantees for Rs. 3,436.91 Lakhs (Previous year Rs. 906.52 Lakhs) to Banks in respect of guarantees given by the Banks to third parties for purchase of equipment, supply of goods, clearance of goods from Customs, Excise Bonds, etc.

c) Letters of Credit opened on behalf of the Company by Banks for purchase of materials and equipment amount to Rs. 17,078.95 Lakhs (Previous year Rs. 17,320.00 Lakhs).

d) Bills of Exchange discounted under Bill Marketing Scheme amount to Rs. 3,189.27 Lakhs (Previous year Rs. 2,334.90 Lakhs).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

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

	As at 31.03.2013 Rs. in Lakhs	As at 31.03.2012 Rs. in Lakhs
Principal amount remaining unpaid	280.25	199.34
Interest due thereon	NIL	NIL
Interest paid by the Company in term of Section 16	NIL	NIL
Interest due and payable for the period of delay in payment	NIL	NIL
Interest accrued and remaining unpaid	NIL	NIL
Interest remaining due and payable even in succeeding years	NIL	NIL

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

38. VALUE OF IMPORTS ON CIF BASIS

	2012-13 Rs. in Lakhs	2011-12 Rs. in Lakhs
Raw Materials	5,141.41	3,781.99
Packing Material	102.75	19.45
Components and Spares	156.82	348.30
Capital Goods	1,823.36	713.55

39. EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)

	2012-13	2011-12
(i) Commission	331.51	482.77
(ii) Advertisement/Selling Expenses	0.00	1.56
(iii) Traveling Expenses	86.39	6.49
(iv) Books, Periodicals & Subscription	22.54	4.28
(v) Technical / Engg. Services/Professional/Testing Charges	136.09	124.14
(vi) Exhibition Expenses	3.08	7.46
(vii) Interest and Bank Charges	202.26	327.62
(viii) Others	232.48	0.00

40. DETAILS OF IMPORTED AND INDIGENOUS RAW MATERIALS AND SPARE PARTS, PACKING MATERIALS CONSUMED AND PERCENTAGE OF EACH TO THE TOTAL :

Particulars	2012-13		2011-12	
	Value (Rs.in Lakhs)	% of Total	Value (Rs.in Lakhs)	% of Total
(i) Raw Materials:				
- Imported	5,060.11	12	4,630.43	10
- Indigenous	36,443.04	88	40,086.01	90
TOTAL	41,503.15	100	44,716.44	100
(ii) Stores, Spares and Packing Material :				
- Imported	306.30	9	318.07	10
- Indigenous	3,003.62	91	2,831.70	90
TOTAL	3,309.92	100	3,149.77	100

41. EARNING IN FOREIGN EXCHANGE (ACCRUAL BASIS)

	2012-13 Rs. in Lakhs	2011-12 Rs. in Lakhs
Exports (F.O.B. Basis)	45,602.94	36,728.75
Other Misc. Income	65.74	0.00
Dividend Income	0.00	455.95

42. The previous year's figure have been re-grouped / reclassified to conform to this year's classification.

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

A)	Name of the Subsidiary Companies	Garware Polyester International Limited	Global Pet Films Inc.
B)	Financial Year of the Subsidiary Companies ended on:	31st March, 2013	31st March, 2013
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 31/03/2013.	(in Pound)	
	(i) For the Subsidiaries' Financial Year ended on the respective dates	296,883	N.A.
	(ii) For the previous Financial Years of the Subsidiaries since they became the Holding Company's Subsidiaries	357,675	N.A.
	(b) Dealt with in the accounts of Garware Polyester Limited, for the year ended 31/03/2013 amounted to:-	(in Pound)	
	(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	587,245	N.A.
E)	Changes in the interest of Garware Polyester Ltd. between the end of the Subsidiaries' Financial Year and 31/03/2013	NIL	NIL
F)	Material changes between the end of the Subsidiary's Financial Year and 31/03/2013	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

A. B. BHALERAO
Director

B. MORADIAN
Director

MANOJ KOUL
*Company Secretary &
Sr. General Manager*

Mumbai, 29th May, 2013

**Consolidated
Financials 2012-13**

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF GARWARE POLYESTER LIMITED
Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **GARWARE POLYESTER LIMITED** (the "Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 state of affairs of the Group as at 31st March, 2013;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the Profit of the Group for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Emphasis of Matter

We draw attention to (a) Note No: 28 relating to revaluation of assets and adjustment of impairment of assets against the revaluation reserve and (b) Note No: 29 relating to payment of remuneration to managerial personnel which is subject to sanction of the Central Government.

Our opinion is not qualified in respect of these matters.

Other Matter

The financial statements of two subsidiaries, which reflects total assets of Rs. 1,058.82 lakhs as on 31st March 2013 and total revenues of Rs. 5,505.67 lakhs and net cash outflows aggregating Rs. 259.89 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion, is based solely on the reports of the other auditors.

Shah & Co.
Chartered Accountants

Firm Registration No: 109430W

P. N. Shah
Partner

Membership No.: 001738

Place: Mumbai

Date: 29th May, 2013

Chaturvedi & Shah
Chartered Accountants

Firm Registration No: 101720W

Parag D. Mehta
Partner

Membership No.: 113904

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2013

	Note	As at 31.03.2013 Rs. in Lakhs	As at 31.03.2012 Rs. in Lakhs
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share Capital	2	7,771.31	7,771.31
Reserves and Surplus	3	51,896.48	43,548.34
		59,667.79	51,319.65
NON-CURRENT LIABILITIES			
Long Term Borrowings	4	7,453.61	3,267.24
Deferred Tax Liabilities (Net)	5	2,113.65	3,699.60
Long Term Provisions	9	408.62	821.74
		9,975.88	7,788.58
CURRENT LIABILITIES			
Short Term Borrowings	6	19,794.35	17,928.81
Trade Payables	7	3,190.88	2,578.33
Other Current Liabilities	8	3,971.80	3,713.59
Short Term Provisions	9	867.28	1,019.62
		27,824.31	25,240.35
TOTAL		97,467.98	84,348.58
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Tangible Assets	10	55,357.95	47,878.61
Intangible Assets	10	114.52	4,525.47
Capital Work-in-Progress	10	3,908.55	574.98
		59,381.02	52,979.06
Non-Current Investments	11	80.89	80.89
Long Term Loans and Advances	12	9,382.73	8,308.94
CURRENT ASSETS			
Inventories	13	9,602.57	11,798.78
Trade Receivables	14	4,354.25	2,011.56
Cash and Bank Balances	15	10,216.95	6,364.03
Short Term Loans and Advances	12	4,288.12	2,683.62
Other Current Assets	16	161.45	121.70
		28,623.34	22,979.69
TOTAL		97,467.98	84,348.58

Notes forming part of the financial statements

1 to 37

As per our report of even date

For and on behalf of the Board of Directors

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

 For **Chaturvedi & Shah**
 Chartered Accountants
 (Registration No. 101720W)

S. B. GARWARE
 Chairman & Managing Director

A. B. BHALERAO
 Director

P. N. SHAH
 Partner
 M.No.001738

PARAG D. MEHTA
 Partner
 M. No. 113904

B. MORADIAN
 Director

MANOJ KOUL
 Company Secretary &
 Sr. General Manager

Mumbai, 29th May, 2013

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

	Note	2012-13 Rs. in Lakhs	2011-12 Rs. in Lakhs
INCOME :			
Revenue from Operations (Gross Including Excise Duty)	17	81,305.69	83,555.10
Less : Excise Duty		3,550.97	3,914.99
Revenue from Operations (Net)		77,754.72	79,640.11
Other Income	18	814.18	1,435.84
Total Revenue		78,568.90	81,075.95
EXPENDITURE :			
Cost of Raw Materials Consumed	19	41,605.87	44,853.64
Purchases of Traded Goods		441.83	2,831.44
Changes in Inventories of Finished goods, Work in progress & Traded goods	20	1,709.39	(2,437.80)
Employee Benefits Expense	21	5,272.48	5,799.64
Other Expenses	22	21,839.09	19,807.85
Total Expenses		70,868.66	70,854.77
Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)		7,700.24	10,221.18
Depreciation & Amortization Expenses	10	3,937.01	4,174.77
Finance Costs	25	2,988.03	2,872.74
Profit before Tax and Exceptional Items		775.20	3,173.67
Exceptional Items	24	(556.14)	(134.00)
Profit before Tax		1,331.34	3,307.67
Tax Expenses			
Current Tax		248.32	743.64
Less : Mat Credit Entitlement		(163.09)	(633.91)
(Excess) / Short Provision for Tax of earlier years		(0.99)	0.00
Deferred Tax	5	(1,585.95)	0.00
Total Tax Expenses		(1,501.71)	109.73
Profit for the year		2,833.05	3,197.94
Earning per share - Basic & Diluted (Rupees) (Face Value of Rs. 10/- each) Refer Note No. 26		12.15	13.71

Notes forming part of the financial statements 1 to 37

As per our report of even date

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

P. N. SHAH
 Partner
 M.No.001738

 For **Chaturvedi & Shah**
 Chartered Accountants
 (Registration No. 101720W)

PARAG D. MEHTA
 Partner
 M. No. 113904

For and on behalf of the Board of Directors

S. B. GARWARE
 Chairman & Managing Director

B. MORADIAN
 Director

A. B. BHALERAO
 Director

MANOJ KOUL
 Company Secretary &
 Sr. General Manager

Mumbai, 29th May, 2013

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	Year ended 31.03.2013 (Rs.in Lakhs)	Year ended 31.03.2012 (Rs. in Lakhs)
A. Cash flow from operating activities		
Net Profit before tax as per Statement of Profit and Loss account	1,331.34	3,307.67
Adjustments to reconcile profit before tax to cash provided by operating activities		
<i>Add:</i> Depreciation	3,937.01	4,174.77
Finance Cost	2,988.03	2,872.74
Loss on Exchange Rate Fluctuations	0.00	25.59
Provision for Leave & Gratuity	37.84	373.38
Sub Total	<u>6,962.88</u>	<u>7,446.48</u>
TOTAL	8,294.22	10,754.15
<i>Less:</i> Interest income	454.06	369.51
Gain on Exchange Rate Fluctuations	21.48	0.00
Profit on sale of fixed assets	71.50	41.68
Dividend Received/Income From Investments	10.82	11.66
Exceptional Items	556.14	134.00
Sundry balances Written Back (Net)	154.68	349.59
Rent	1.20	1.20
Sub total	<u>1,269.88</u>	<u>907.64</u>
Operating profit before working capital changes.	7,024.34	9,846.51
Adjustments for :		
Transfer to Foreign currency translation reserve	(5.19)	23.32
Trade and Other Payables	150.52	(569.12)
Trade Receivables	(2,372.56)	996.26
Inventories	2,196.21	(2,072.62)
Loans and Advances	(2,030.57)	(2,413.40)
Cash generated from operations	4,962.75	5,810.95
Direct taxes refund/(paid)(Net)	(150.40)	(768.90)
Net cash inflow/(outflow) from operating activities	4,812.35	5,042.05
B. Cash flow from investing activities		
Purchase of fixed assets	(6,144.20)	(2,505.55)
Proceeds from Sale of fixed assets	1,559.90	603.06
Interest received	388.89	373.39
Non current Investments	0.00	1.40
Dividend received/income from investment	10.82	11.66
Rent	1.20	1.20
Net cash inflow/(outflow) from investing activities.	(4,183.39)	(1,514.84)
C. Cash flow from financing activities		
Interest / Financial Charges	(2,988.03)	(2,872.74)
Proceeds from Long Term Borrowings	6,542.09	3,128.48
(Repayments) of Long Term Borrowings	(1,764.33)	(7,855.16)
Proceeds (Repayment) from Short Term Borrowings (Net)	1,865.54	9,353.26
Dividend / Unclaimed Dividend paid including Dividend Distribution Tax.	(431.31)	(2,267.03)
Net cash inflow/(outflow) from financing activities	3,223.96	(513.19)
Net increase/(decrease) in Cash and Cash Equivalents	3,852.93	3,014.02
Cash and Cash Equivalents as at opening		
Cash and Bank Balances	6,364.03	3,350.01
Cash and Cash Equivalents as at closing		
Cash and Bank Balances	<u>10,216.96</u>	<u>6,364.03</u>
	<u>3,852.93</u>	<u>3,014.02</u>

As per our report of even date

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

P. N. SHAH
 Partner
 M.No.001738

 For **Chaturvedi & Shah**
 Chartered Accountants
 (Registration No. 101720W)

PARAG D. MEHTA
 Partner
 M. No. 113904

For and on behalf of the Board of Directors

S. B. GARWARE
 Chairman & Managing Director

B. MORADIAN
 Director

A. B. BHALERAO
 Director

MANOJ KOUL
 Company Secretary &
 Sr. General Manager

Mumbai, 29th May, 2013

1 SIGNIFICANT ACCOUNTING POLICIES OF THE CONSOLIDATED FINANCIAL STATEMENT.
A. Basis of presentation of Financial Statements

The Consolidated financial statements of Garware Polyester Ltd. ("the Holding Company") and its subsidiary companies viz Garware Polyester International Ltd. and Global Pet Films Inc. ("together the group") 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.

B. The subsidiary companies considered in the consolidated financial statements are

Name of the company	Country of Incorporation	Percentage of voting Power	Financial Year
Subsidiary Garware Polyester International Ltd.	United Kingdom	100%	April 12-March 13
Step down Subsidiary Global Pet Films, Inc.	U.S.A.	100%	April 12-March 13

"The accounts of Garware Chemicals Ltd., has not been considered for consolidation as Equity Shares of this Associate Company are acquired and held exclusively with a view to its subsequent disposal in the near future."

C. 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, 2013.
- 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 items have been translated at average rate and the assets and Liabilities items of the balance sheet have been translated into Indian Rupees at the closing exchange rate of respective currencies prevailing as at 31st March, 2013 except for subsidiary's share capital.

D. 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.

E. 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. Surplus on revaluation of assets is credited to Capital / Revaluation Reserve.

Depreciation / Amortization

- i) Tangible Assets-
 - 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 on Straight Line Method as per rates prescribed under Schedule XIV of the Companies Act, 1956.
 - No write-off is being made in respect of leasehold land.
 - Assets costing Rs.5000/- or Less is depreciated fully in the year of acquisition.
- ii) Intangible Assets-
 - Goodwill to be amortized at 1/5th per annum or as per the decision of Board of Directors.
 - On Technical Know-how/Product Development Expenses @ 1/6th per annum.
 - On Copyright Expenditure @ 1/5th per annum
 - Computer software @20% per annum.

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 and is being provided on straight line basis over the economic useful life of 5 years.

F. Impairment of assets

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

G. 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.

H. Inventories

- i) Raw materials and packing materials are valued at the lower of cost and net realizable value. Cost is determined on a moving weighted average basis. Cost includes the cost of purchase and other expenses directly attributable to their acquisition but excludes duties & taxes, which are subsequently recoverable from the taxing authorities.
- ii) Stores and Spares are valued at cost computed on a moving weighted average basis. Cost includes the cost of purchase and other expenses directly attributable to their acquisition but excludes duties and taxes that are subsequently recoverable from the taxing authorities.
- iii) Semi-finished goods including those held for captive consumption is valued at factory cost including depreciation.
- iv) Finished goods is valued at the lower of cost and net realizable value. Cost includes direct material & labour cost and a proportion of manufacturing overheads.
- v) Purchase of finished goods are valued at the lower of cost and net realizable value.
In respect of subsidiary Garware Polyester International Ltd., stock is valued at the lower of cost and net realizable value.
In respect of ultimate subsidiary Global Pet films Inc., inventories are stated at the lower of cost (determined by FIFO method) or market (Net realizable) value.

I. Foreign Currency Transactions

- a) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.
- b) Monetary items denominated in foreign currencies at the year-end are restated at year end rates. In case of items which are covered by forward exchange contracts, the difference between the year-end rate and rate on the date of the contract is recognized as exchange difference and the premium paid on forward contracts is recognized over the life of the contract.
- c) Non monetary foreign currency items are carried at cost.
- d) In respect of branch, which is integral foreign operations, all transactions are translated at rates prevailing on the date of transactions or that approximates the actual rate at the date of transactions. Branch monetary assets and liabilities are restated at the year end rates.
- e) The company has opted for accounting exchange rate differences arising on reporting of long term Foreign Currency Monetary Items in line with Companies (Accounting Standard) Amendment Rules 2009, on Accounting Standard 11 (AS-11) notified by Govt. of India on March 31, 2009. Accordingly, the effect of exchange differences on Foreign Currency Loans of the company is accounted by addition or deduction to the cost of assets so far it relates to depreciable capital assets and in other cases by charging to statement of profit and loss as gain or loss on account of exchange difference.
- f) 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.
- g) In case of Garware Polyester International Ltd., monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. The transactions in foreign currencies are recorded at the rate ruling at the date of transactions. All differences are taken to Profit and Loss account.

J. 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.

K. Employee Benefits

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

c) Defined Benefit Plans:

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

L. Lease Rentals

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

M. Research and Development

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

N. Revenue Recognition

i) Sales

Sales are accounted for inclusive of excise duty and VAT/ sales tax (wherever not charged separately), and are net of discounts and returns. In respect of Garware Polyester International Limited turnover represents amount receivable for goods and services net of VAT and trade discounts.

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

ii) Export Benefits

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

iii) Others

Revenue from services is recognised on rendering of services.

Dividend income is recognised when the right to receive payment is established.

Interest income is recognised on the time proportion basis.

O. Taxation

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

P. Borrowing Cost

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to Profit and Loss account.

Q. 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.

R. Measurement of EBITDA

The company has elected to present earnings before interest (Finance cost), Tax, Depreciation and amortization (EBITDA) as a separate line item on the face of the Statement of Profit and Loss for the year. The company measures EBITDA on the basis of Profit / (Loss) from continuing operations.

S. Provisions, Contingent Liabilities & Contingent Assets

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	As at 31.03.2013 (Rs. in Lakhs)	As at 31.03.2012 (Rs. in Lakhs)
2. SHARE CAPITAL		
Authorised		
40,000,000 Equity shares of Rs. 10/- Each (Previous year 40,000,000)	4,000.00	4,000.00
6,000,000 Preference Shares of Rs. 100/- Each (Previous year 6,000,000)	6,000.00	6,000.00
	<u>10,000.00</u>	<u>10,000.00</u>
Issued, subscribed and fully paid-up.		
23,315,150 Equity Shares of Rs. 10/- Each (Previous year 23,315,150)	2,331.52	2,331.52
Less: Unpaid Allotment/Call Money (from Others)	<u>6.21</u>	<u>6.21</u>
	2,325.31	2,325.31
5,446,000 0.01% Cumulative Redeemable Preference Shares of Rs. 100/- each (Previous year 5,446,000) (Refer Notes below)	<u>5,446.00</u>	<u>5,446.00</u>
TOTAL	<u><u>7,771.31</u></u>	<u><u>7,771.31</u></u>

Out of the above

- i) 2,00,000 Equity shares of Rs. 10/- each were allotted as fully paid up to various schemes operating under UTI Assets Management Company Ltd. at a premium of Rs. 22.67 per Share on 23rd December 2008 as per arrangement (Previous year 200,000).
- ii) 2,54,764 Equity Shares of Rs. 10/- Each fully paid-up issued to the shareholders of Garware Chemicals Limited (GCL) as per scheme of arrangement under section 391 to 394 of the Companies Act, 1956 on 14th November 2011. (Previous year 2,54,764).
- iii) 54,46,000 0.01% Cumulative Redeemable Preference Shares of Rs. 100/- each were allotted as fully paid up to IDBI at par (49,54,000 on 7th November 2007 and 4,92,000 on 19th June 2008) as per arrangement. (Previous year 54,46,000).

Terms / Rights attached to Shares**Equity Shares**

The company has only one class of equity shares having a par value of Rs. 10/- per share. Each equity shareholder is entitled to one Vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the board of directors is subject to approval of shareholders in the ensuing Annual general meeting.

During the year ended on 31st March, 2013, the amount of dividend per share, recognised as distributions to equity shareholder is Rs. Nil per share (year ended 31st March 2012 Rs. 1.50/- per share).

As per the Companies Act, 1956 the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts in the event of Liquidation of the company. The distribution will be in proportion to the number of equity shares held by the shareholder.

Preference Shares

The preference shares amounting to Rs. 4,954.00 Lakhs allotted on 07.11.2007 are redeemable in 3 equal installments from 1st April 2014 to 1st April 2016 and Rs. 492.00 Lakhs allotted on 19.06.2008 shall be redeemed in single installment on 1st April 2016. These preference shares carry a fixed cumulative dividend of 0.01% per annum.

Reconciliation of the number of Shares Outstanding at the beginning and at the end of the year

	As at 31.03.2013		As at 31.03.2012	
	No. of Shares	Rs. in Lakhs	No. of Shares	Rs. in Lakhs
Equity Shares				
At the beginning of the period	23,315,150	2,331.52	12,583,286	1,258.33
10,477,100 Equity shares of Rs. 10/- each fully paid up issued to Great Design Properties Pvt.Ltd (GDPPPL) & 254,764 Equity Shares of Rs. 10/- each fully paid up issued to Garware Chemicals Ltd (GCL) as per scheme of amalgamation and arrangement under section 391 to 394 of the companies Act, 1956.	<u>0</u>	<u>0.00</u>	<u>10,731,864</u>	<u>1,073.19</u>
Outstanding at the end of the year	<u>23,315,150</u>	<u>2,331.52</u>	<u>23,315,150</u>	<u>2,331.52</u>

Details of Shareholders holding more than 5% Equity Shares in the company

Name of the Shareholder	As at 31.03.2013		As at 31.03.2012	
	No. of Shares	% of Holding	No. of Shares	% of Holding
S.B.Garware Family Trust	10,477,100	44.94	10,477,100	44.94
Bharat Jayantilal Patel	1,165,818	5.00		

Preference Shares

	No. of Shares	Rs. in Lakhs	No. of Shares	Rs. in Lakhs
At the beginning of the year	5,446,000	5,446.00	5,446,000	5,446.00
Issued during the year	<u>0</u>	<u>0.00</u>	<u>0</u>	<u>0.00</u>
Outstanding at the end of the year	<u>5,446,000</u>	<u>5,446.00</u>	<u>5,446,000</u>	<u>5,446.00</u>

Details of Shareholders holding more than 5% Preference Shares in the company

Name of the Shareholder	No. of Shares	% of Holding	No. of Shares	% of Holding
IDBI Bank Limited	5,446,000	100.00	5,446,000	100.00

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	As at		As at	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
	Rs. in Lakhs		Rs. in Lakhs	
3. RESERVES AND SURPLUS				
Capital Reserve				
Balance as per last Balance Sheet		4,439.48		4,439.48
Securities Premium Reserve				
Balance as per last Balance Sheet		592.14		592.14
Debenture Redemption Reserve				
Balance as per last Balance Sheet	0.00		1,356.05	
Less : Transfer to General reserve	0.00		1,356.05	
		0.00		0.00
Revaluation Reserve				
Balance as per last Balance Sheet	4,584.49		4,584.49	
Add : Additions during the year (Refer Note No.28)	18,755.94		0.00	
Less: Impairment (Refer Note No.28)	13,235.03		0.00	
		10,105.40		4,584.49
General Reserve				
Balance as per last Balance Sheet	6,909.91		5,378.52	
Add : Transferred from Surplus in statement of Profit and Loss Account	0.00		175.34	
Add : Transferred from Debenture redemption reserve	0.00		1,356.05	
Closing Balance		6,909.91		6,909.91
Surplus in the statement of Profit and Loss				
Balance as per last Balance Sheet	26,618.54		24,003.03	
Add: Profit for the year	2,833.05		3,197.94	
Less : Appropriations				
Dividend Payable on preference shares [One paise per share (previous year One paise per share)]	0.54		0.54	
Proposed Dividend on equity shares [Rs. Nil per share (previous year Rs. 1.50 per share)]	0.00		349.73	
Tax on Dividend	0.09		56.82	
Transfer to General Reserve	0.00		175.34	
		29,450.96		26,618.54
Foreign Currency Translation Reserve				
Balance as per last Financial Statements	403.78		380.46	
Addition (Deduction) during the year	(5.19)		23.32	
		398.59		403.78
TOTAL		51,896.48		43,548.34
4. LONG TERM BORROWINGS				
	Non-Current		Current	
	As at	As at	As at	As at
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
Secured Loans				
Term Loans				
Indian rupee loan from banks	4,964.48	207.48	1,529.70	740.00
Foreign currency loan from banks	1,074.67	1,527.43	737.84	814.08
Vehicle Finance Lease Obligation	211.00	328.87	124.82	115.46
Unsecured Loans				
Interest Free Sales tax / VAT Deferral Loan of SICOM	1,203.46	1,203.46	0.00	0.00
TOTAL	7,453.61	3,267.24	2,392.36	1,669.54

- Term Loans of Rs. 8,306.69 Lakhs (Previous year Rs. 3,288.99 Lakhs) are secured as under
 - Term Loan of Rs. Nil (Previous year Rs. 88.16 Lakhs) is secured by charge on the specific project assets and also by way of second charge on current assets of the company. The loan is repaid fully as per repayment schedule.
 - Term Loan of Rs 8,306.69 Lakhs (Previous year Rs. 3,200.83 Lakhs) is secured by first *paripassu* charge on Fixed assets of the company both present and future except Land and Building at Vile Parle, Mumbai also by way of second *paripassu* charge on current assets of the company. The loans are repayable in 20 quarterly installments from quarter ended March 2011 till December 2018.
- Vehicle Finances of Rs. 335.82 Lakhs (Previous year Rs. 444.33 Lakhs) are secured by hypothecation of specific assets. The loans are repayable in 60 monthly Installments. The installment are payable from June 2009 till November 2016 covering all loans taken at various dates.
- Deferral Loan from SICOM is payable from April 2016 to April 2026.
- The rate of interest on Foreign Currency loans are at LIBOR + 7.5%, on Rupee loan @ 13% to 14.25% p.a. and on Vehicle Loan @ 8.50% to 15.50% p.a.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

5. DEFERRED TAX LIABILITY (NET)

Major components of deferred tax (liabilities)/assets arising on account of timing differences as at 31st March 2013 are as follows :

	As at 31.03.2013 (Rs. in Lakhs)	As at 31.03.2012 (Rs. in Lakhs)
Deferred Tax Assets:		
Disallowance U/S 43 B of the Income Tax Act, 1961	190.82	24.98
Unabsorbed Business Losses & Depreciation	1,056.78	1,024.56
Others	273.03	178.66
(i)	<u>1,520.63</u>	<u>1,228.20</u>
Less : Deferred Tax Liability:		
Excess of Net Block over WDV as per the Income Tax Act, 1961	3,634.28	4,152.18
Deferred Tax Asset/(Liability) (Net)	(2,113.65)	(2,923.98)
Deferred Tax Asset/(Liability) as per Balance Sheet (Previous year)	(3,699.60)	
Deferred Tax Expense/(Income) Recognised in Profit & Loss (Including Rs. 775.62 Lakhs of Previous year)	(1,585.95)	

6. SHORT TERM BORROWINGS

	As at 31.03.2013 (Rs. in Lakhs)	As at 31.03.2012 (Rs. in Lakhs)
Cash / Packing Credit from Banks		
Indian rupees (Secured)	504.84	0.00
Foreign currency (Secured)	4,151.89	3,361.12
Working Capital Loans	15,137.62	14,567.69
TOTAL	<u>19,794.35</u>	<u>17,928.81</u>

a) Cash / Packing Credit Loans are secured by hypothecation of all the current assets including all stocks, book debts etc of the Company and further secured by a second charge on fixed assets of the company excluding Vile Parle property.

b) Interest on working capital (Rupee) Loans ranges between 11% to 16.70% p.a. and Foreign currency loans 3% to 3.5% p.a.

7. TRADE PAYABLES

	As at 31.03.2013 (Rs. in Lakhs)	As at 31.03.2012 (Rs. in Lakhs)
Due to Micro, Small & Medium Enterprises	280.25	199.34
Others	2,910.63	2,378.99
TOTAL	<u>3,190.88</u>	<u>2,578.33</u>

8. OTHER CURRENT LIABILITIES

Current maturities of long term borrowing (Refer Note No.4)	2,392.36	1,669.54
Unclaimed Dividend #	67.95	67.80
Unclaimed Debenture & Interest	2.14	2.14
Deposit & Advances from Customers & Vendors	441.24	738.42
Creditors for Capital Expenditure	534.87	653.23
Balance With Banks - Overdrawn as per Books	39.71	0.00
Payable to Employees	52.43	127.64
Statutory Liabilities	176.00	129.46
Provision For Expenses	265.10	325.36
TOTAL	<u>3,971.80</u>	<u>3,713.59</u>

These Figures do not include any amount due and outstanding to be credited to The Investor Education and Protection Fund. During the year ended 31st March, 2013 company had deposited Rs. 4.55 Lakhs to the "The Investor Education and Protection Fund" towards unclaimed dividend.

9. PROVISIONS

	Long Term		Short Term	
	As at 31.03.13 Rs. in Lakhs	As at 31.03.12 Rs. in Lakhs	As at 31.03.13 Rs. in Lakhs	As at 31.03.12 Rs. in Lakhs
Provisions for Employee benefits: (Refer Note No.27)				
Provision for Gratuity	0.00	0.00	142.53	407.36
Provision for Leave Encashment	408.62	821.74	719.95	180.17
	<u>408.62</u>	<u>821.74</u>	<u>862.48</u>	<u>587.53</u>
Other Provisions				
Provision for Dividend on Preference Shares	0.00	0.00	0.54	0.54
Provision for Proposed Dividend on Equity Shares	0.00	0.00	1.24	349.73
Provision for Tax on Dividend	0.00	0.00	0.09	56.82
Provision for Wealth Tax	0.00	0.00	2.93	25.00
	<u>0.00</u>	<u>0.00</u>	<u>4.80</u>	<u>432.09</u>
TOTAL	<u>408.62</u>	<u>821.74</u>	<u>867.28</u>	<u>1,019.62</u>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

10. FIXED ASSETS -

DESCRIPTION	Gross Block				Depreciation / Amortisation			Net Block			
	As at 01.04.2012	Additions / Adjust- ments dur- ing the year	Additions due to Re- valuation (Refer Note No.28)	Disposal/ Transfers/ Adjustments during the year	As at 31.03.2013	Up to 01.04.2012	Charge for the year	Disposal/ Transfers/ Adjustments during the year	Up to 31.03.2013	As at 31.03.2013	As at 31.03.2012
TANGIBLE ASSETS											
Land (Freehold)	11,576.62		13,900.30		25,476.92	0.00	0.00		0.00	25,476.92	11,576.62
Land (Leasehold)	1,867.50		4,855.64		6,723.14	0.00	0.00		0.00	6,723.14	1,867.50
Buildings	9,492.70	218.07		1,604.51	8,106.26	5,617.80	307.46	150.41	5,774.85	2,230.16	3,874.90
Plant & Machinery	69,556.58	2,651.62		11.72	72,196.48	40,383.89	3,295.18	4.51	43,674.56	19,799.40	29,172.69
Electrical Installations	3,019.27				3,019.27	2,647.65	51.69		2,699.34	319.93	371.62
Moulds	287.54				287.54	287.54	0.00		287.54	0.00	0.00
Laboratory Equipments	398.19	21.44			419.63	264.30	19.10		283.40	125.33	133.89
Furniture & Fixtures	585.84	10.56			596.40	497.58	18.78		516.36	80.04	88.26
Office Equipments	598.75	14.89		1.97	611.67	447.78	23.13	1.97	468.94	142.73	150.97
Vehicles	308.86	7.93		60.54	256.25	232.20	15.31	33.45	214.06	42.19	76.66
Vehicles on Finance Lease	753.83				753.83	287.14	120.82		407.96	345.87	466.69
Capital Expenditure On											
Research & Development	218.60	0.32			218.92	215.17	1.07		216.24	2.68	3.43
Data Processing Equipments	1,362.04	16.18			1,378.22	1,266.66	42.00		1,308.66	69.56	95.38
TOTAL (A)	100,026.32	2,941.01	18,755.94	1,678.74	120,044.53	52,147.71	3,894.54	190.34	55,851.91	55,357.95	47,878.61
INTANGIBLE ASSETS											
Software	195.85	31.88			227.73	71.40	41.81		113.21	114.52	124.45
Copyrights	157.46				157.46	157.46	0.00		157.46	0.00	0.00
Expenditure on Technical Know how/Product Development	1,430.76				1,430.76	1,430.10	0.66		1,430.76	0.00	0.66
Goodwill	4,400.36				4,400.36	0.00	0.00		0.00	0.00	4,400.36
TOTAL (B)	6,184.43	31.88	0.00	0.00	6,216.31	1,658.96	42.47	0.00	1,701.43	114.52	4,525.47
TOTAL (A + B)	106,210.75	2,972.89	18,755.94	1,678.74	126,260.84	53,806.67	3,937.01	190.34	57,553.34	55,472.47	52,404.08
Previous Year	106,641.03	3,212.87	0.00	3,643.15	106,210.75	52,713.67	4,174.77	3,081.77	53,806.67	52,404.08	
Capital Work in Progress #										3,908.55	574.98

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.
 - Freehold Land and Leasehold Land is revalued on 31st March 2013 with reference to the then current market prices, amount added on revaluation is Rs. 13,900.30 Lakhs and Rs.4,855.64 lakhs respectively; the revalued amount substituted for historical cost on 31st March 2013 is Rs.25,476.92 lakhs and Rs.6,719.00 Lakhs respectively.
 - Building include Rs. 0.07 Lakh being value of 136 shares in Co-op. Housing Societies.
 - In accordance with Accounting Standard (AS-11) and Amendment Rules 2009 on AS-11 Notified by Government of India on 31.03.2009 and subsequent amendment dtd.29th December 2011, company has capitalised Rs.162.29 Lakhs to Plant and Machinery (Previous year - Rs.409.46 lakhs) on account of exchange rate difference on foreign currency loans.
- # The break up of Expenses capitalized and shown under Capital Work in Progress (Pending Allocation) as on 31.03.2013 is as under

Particulars	2012-13		2011-12	
	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
Interest	129.96	42.27		
Bank / Financial Charges	89.81	18.35		
Others	360.42	0.00		
Total	580.19	60.62		

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	As at 31.03.2013 Rs. in Lakhs		As at 31.03.2012 Rs. in Lakhs	
11. NON-CURRENT INVESTMENTS				
Non Trade Investments				
A In Government Securities (Unquoted)				
1) 10 years-8.5% Rural Debentures of Maharashtra State Electricity Board of the face value of Rs. 0.17 Lakh	-		-	
2) 7 years National Savings Certificates of the face value of Rs. 0.03 lakh (Lodged with the Excise Authorities as Security Deposit)	-		-	
B In Shares				
Quoted Equity Instruments				
50 Equity Shares of M.M. Rubber Ltd. of the face value of Rs. 10/- each, fully paid-up.	0.01		0.01	
2,80,000 Equity Shares of Garware Marine Industries Ltd, of the face value of Rs. 10/- each, fully paid-up.	-		-	
4,00,300 Equity Shares of Garware Wall Ropes Limited, of the face value of Rs. 10/- each, fully paid-up.	56.98		56.98	
200 Equity Shares of NALCO of the face value of Rs. 10/- each fully paid up.	0.81		0.81	
		57.80		57.80
Unquoted Equity Instruments				
<u>In Associate Company</u>				
75,201 Equity Shares of Garware Chemicals Ltd of the face value of Rs.10/- each fully paid-up including five equity shares held by nominees.	7.52		7.52	
		7.52		7.52
Unquoted Equity Instruments				
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	
2,500 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	
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	
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	
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	
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	
1,000 Equity Shares of Poornawadi Co-op Bank Ltd. of the face value of Rs. 100/- each fully paid-up.	1.00		1.00	
100 Equity Shares of Cosmos Co-operative Bank Ltd. of the face value of Rs.10/-each fully paid up.	0.02		0.02	
		15.57		15.57
TOTAL		80.89		80.89
	Cost	Market Value	Cost	Market Value
Aggregate amount of company's Investment				
Quoted	57.80	191.60	57.80	221.18
Unquoted	23.09		23.09	
TOTAL	80.89	191.60	80.89	221.18

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

12. LOANS & ADVANCES	Non-current		Current	
	As at 31.03.2013 Rs.in Lakhs	As at 31.03.2012 Rs. in Lakhs	As at 31.03.2013 Rs. in Lakhs	As at 31.03.2012 Rs. in Lakhs
Capital Advances				
Secured, Considered Good (#)	126.30	11.91	0.00	0.00
Unsecured, Considered Good	1,513.75	69.35	0.00	0.00
(A)	1,640.05	81.26	0.00	0.00
Security Deposit				
Unsecured, Considered Good	112.21	120.36	0.00	0.00
(Including Rs. 30.00 Lakhs due from Director (Rent Deposit) (Previous year Rs. 30.00 Lakhs))				
(B)	112.21	120.36	0.00	0.00
Advances Recoverable in Cash or Kind				
Unsecured, Considered Good	0.00	45.27	189.30	243.88
(C)	0.00	45.27	189.30	243.88
Other Loans & advances				
Advance Income-Tax (Net of Provision for Taxation)	69.57	166.50	0.00	0.00
MAT Credit Entitlement	5,849.43	5,686.34	0.00	0.00
Prepaid Expenses	0.00	0.00	576.34	532.24
Employee advances	0.00	0.00	23.80	16.19
Balances with Statutory/Government Authorities	1,711.47	2,209.21	3,498.68	1,891.31
(D)	7,630.47	8,062.05	4,098.82	2,439.74
TOTAL (A+B+C+D)	9,382.73	8,308.94	4,288.12	2,683.62
# Secured against Bank Guarantee.				
13. INVENTORIES (Valued at lower of cost and net realisable value)			As at 31.03.2013 Rs.in Lakhs	As at 31.03.2012 Rs. in Lakhs
a) Stores, Spares & Packing Materials			1,957.75	2,185.72
b) Raw Materials			1,426.17	1,684.97
c) Finished Goods			463.19	684.96
d) Stock in Transit - Finished Goods			420.54	2,198.02
e) Semi Finished Goods			5,334.92	5,019.51
f) Stock in Transit - Semi Finished Goods			0.00	25.60
TOTAL			9,602.57	11,798.78
14. TRADE RECEIVABLES			As at 31.03.2013 Rs.in Lakhs	As at 31.03.2012 Rs. in Lakhs
Unsecured, considered good unless otherwise stated excluding bills receivable discounted [Refer Note No. 36(d)]				
a) Debts outstanding for a period exceeding six months from the date they are due for payment.				
i) Unsecured, Considered Good			54.36	0.60
ii) Doubtful			258.85	514.18
			313.21	514.78
Less : Provision for doubtful receivables			258.85	514.18
			54.36	0.60
b) Other Receivables				
Unsecured, Considered Good			4,299.89	2,010.96
			4,299.89	2,010.96
TOTAL (a+b)			4,354.25	2,011.56
Trade Receivables Include :				
Due from Company in which the Directors are Director / Member.				
			26.36	0.00

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	As at 31.03.2013 Rs. in Lakhs	As at 31.03.2012 Rs. in Lakhs
15. CASH & BANK BALANCES		
Cash & Cash Equivalents		
a) Balances with Bank:		
In Current Accounts	2,761.41	2,064.84
In Fixed Deposit	7,350.62	4,200.00
b) Cash on hand	36.97	10.88
Other Bank Balances		
In Unclaimed Dividend Accounts	67.95	67.26
Margin Money Deposit	0.00	21.05
TOTAL	10,216.95	6,364.03
(Fixed Deposit with Bank includes Rs. Nil (Previous year Rs. 4.00 Lakhs) with maturity of more than 12 Months)		
16. OTHER CURRENT ASSETS		
Interest Accrued on Fixed Deposit & Others	86.97	21.80
Other Receivable	74.48	99.90
TOTAL	161.45	121.70
17. REVENUE FROM OPERATIONS		
	2012-13	2011-12
	Rs. in Lakhs	Rs. in Lakhs
Sale of Products	78,591.39	82,140.86
Other Operating Revenue		
Export Incentives	2,545.89	1,273.82
Others	168.41	140.42
Revenue from operation (Gross including excise duty)	81,305.69	83,555.10
Details of products sold		
Polyester Film	78591.39	82140.86
18. OTHER INCOME		
Interest Income on		
Bank Deposits	450.70	365.04
Income Tax & Sales Tax Refund	0.00	1.21
Others	3.36	3.26
Dividend Income on		
Long Term Investment	10.82	11.66
Insurance Claims	29.10	91.67
Profit on Sales of Fixed Assets	71.50	41.68
Excess Provision/Sundry Credit Balances Written Back	154.68	349.59
Rent	1.20	1.20
Sales Tax Refund	0.00	429.94
Gain on Exchange Rate Fluctuations	27.08	140.59
Other Miscellaneous Income	65.74	0.00
TOTAL	814.18	1,435.84
19. COST OF RAW MATERIALS CONSUMED		
Inventory at the beginning of the year	1,684.97	2,268.33
Add : Purchases	41,347.07	44,270.28
	43,032.04	46,538.61
Less : Inventory at the end of the year	1,426.17	1,684.97
Cost of Raw Materials Consumed	41,605.87	44,853.64
Details of Raw Materials Consumed		
PTA	18,646.93	22,841.48
MEG	6,966.14	8,740.02
Chemicals & others	15,992.80	13,272.14
TOTAL	*41,605.87	44,853.64
*After adjusting sale of raw material amounting to Rs. 813.75 Lakhs (Previous year Rs.602.38 Lakhs).		
Details of inventory		
PTA	28.47	129.51
MEG	112.22	76.48
Chemicals & others	1,285.48	1,478.98
TOTAL	1,426.17	1,684.97

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	2012-13 Rs. in Lakhs	2011-12 Rs. in Lakhs
20. (INCREASE) / DECREASE IN FINISHED AND SEMI-FINISHED GOODS		
Inventories at the end of the year		
Work In Progress	5,334.92	5,045.11
Finished Goods	883.73	2,882.93
	<u>6,218.65</u>	<u>7,928.04</u>
Inventories at the beginning of the year		
Work In Progress	5,045.11	3,093.69
Finished Goods	2,882.93	2,396.55
	<u>7,928.04</u>	<u>5,490.24</u>
(Increase) / Decrease	<u>1,709.39</u>	<u>(2,437.80)</u>
21. EMPLOYEE BENEFITS EXPENSE (Refer Note No. 29)		
Salaries, Wages and Bonus	4,564.94	4,689.45
Contribution to Provident Fund and other Funds	396.68	803.56
Staff Welfare Expenses	310.86	306.63
TOTAL	<u>5,272.48</u>	<u>5,799.64</u>
22. OTHER EXPENSES		
Stores, Spares & Packing Materials Consumed	3,309.92	3,149.77
Power and Fuel	8,999.65	8,367.09
Processing Charges	2,007.98	1,200.44
Water Charges	89.96	55.04
Rent, Hire Charges and Compensation	115.92	93.88
Rates, Taxes and License Fees	51.98	111.42
Insurance	209.25	174.02
Freight & Forwarding (Net)	2,115.66	1,729.71
Research and Development Expenses	166.41	154.39
Advertisement Expenses	29.85	147.22
Repairs and Maintenance Expenses:		
Plant and Machinery	807.75	683.44
Building	340.27	326.20
Other Assets	618.04	514.65
Sales Tax / VAT	8.49	136.53
Travelling & Conveyance	357.68	404.79
Postage, Telegrams & Telephones	131.04	120.99
Commission on Sales	143.54	129.52
Donations	66.53	141.22
Legal and Professional Charges (Refer Note No. 31)	698.53	756.10
Auditors Remuneration (Refer Note No. 23)	51.69	38.88
Director Sitting Fees	1.99	1.67
Miscellaneous Expenses	1,516.96	1,370.88
Bad Debts Written Off	255.23	
Less : Provision for Doubtful Debts	<u>255.23</u>	
TOTAL	<u>0.00</u>	<u>0.00</u>
	<u>21,839.09</u>	<u>19,807.85</u>
23. REMUNERATION TO AUDITORS AS :		
Audit Fees	32.31	21.52
Tax Audit Fees	5.00	5.00
For Certification / Others	14.05	12.13
Reimbursement of Out of Pocket Expenses	0.33	0.23
TOTAL	<u>51.69</u>	<u>38.88</u>
24. EXCEPTIONAL ITEMS		
1) Excess Provision of Commission	0.00	(134.00)
2) Central Sales Tax Claim Receivable (Refer Note No. 32)	(556.14)	0.00
TOTAL	<u>(556.14)</u>	<u>(134.00)</u>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	2012-13 Rs. in Lakhs	2011-12 Rs. in Lakhs
25. FINANCE COST		
Interest Expenses #	671.02	549.31
Other borrowing Cost	2,232.80	2,009.53
Applicable Loss on Foreign Currency Transactions and Translations	84.21	313.90
TOTAL	2,988.03	2,872.74
# After Capitalisation of Rs. 200.84 Lakhs (Previous year Rs. 42.27 Lakhs).		
26. EARNINGS PER SHARE (EPS)		
Profit after Tax	2,833.05	3,197.94
Less : Dividend on Preference Shares including Tax	0.63	0.63
Amount available for Equity Share Holders	2,832.42	3,197.31
Weighted average number of Equity Shares (Basic & Diluted) including outstanding	23,315,150	23,315,150
Earning per Share - Basic & Diluted (Rupees) (absolute)	12.15	13.71
27. DISCLOSURE AS PER AS-15 (REVISED) ON "EMPLOYEE BENEFITS"		
A. Funded retirement benefit - Gratuity	2012-13	2011-12
	Rs. in Lakhs	Rs. in Lakhs
Change in the defined benefit obligations		
Defined benefit obligations at beginning of the year	2,063.44	1,688.41
Service Cost	117.48	114.05
Interest Cost	157.88	135.41
Actuarial Loss / (Gain)	(221.20)	219.39
Benefits Paid	(414.96)	(93.82)
Defined benefit obligations at end of the year (a)	1,702.64	2,063.44
Change in plan assets		
Fair Value of plan assets as at beginning of the year	1,656.08	1,430.98
Expected return on plan assets	144.53	138.11
Contributions by employer	177.99	180.81
Actuarial Gain / (Loss)	(3.53)	0.00
Benefits Paid	(414.96)	(93.82)
Fair Value of Plan Assets at end of the year (b)	1,560.11	1,656.08
Present Value of Funded Obligations (a-b)	142.53	407.36
The net amount recognized in the Statement of Profit and Loss for the year ended 31 st March, 2013 is as follows:		
Current service cost	117.48	114.05
Interest cost	157.88	135.41
Expected return on plan assets	(144.53)	(138.11)
Net actuarial Loss / (Gain) recognized	(217.67)	219.39
Net amount recognized	(86.84)	330.74
The Principal Actuarial Assumptions used as at 31 st March, 2013 are as follows:		
Discount Rate	8.05%	8.50%
Expected Rate of Return on Plan Assets		
Withdrawal Rate	5%	5%
Rate of Increase in Compensation Levels	5%	5%

Other Disclosure

	31.03.2013	31.03.2012	31.03.2011	31.03.2010	30.09.2009
Present value of Defined benefit obligation	1,702.64	2,063.44	1,688.41	1,509.87	1,295.89
Fair Value of Plan Assets	1,560.11	1,656.08	1,430.98	1,301.16	1,226.56
(Deficit) / Surplus of the Plan	142.53	407.36	257.43	208.71	69.33
Experience Adjustment on Plan Liabilities Loss/(Gain)	---	---	*	*	*
Experience Adjustment on Fair Value of Plan Assets	3.53	0.01	*	*	*

* Not available in the valuation report for the financial year 2010-11, 2009-10, 2008-09 and hence, are not furnished.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	2012-13 Rs. in Lakhs	2011-12 Rs. in Lakhs
B. Un-funded retirement benefit - Leave Encashment		
Change in the defined benefit obligations		
Defined benefit obligations at beginning of the year	1,001.91	935.46
Service Cost	62.69	43.99
Interest Cost	84.04	75.81
Actuarial Loss / (Gain)	6.29	(29.89)
Benefits Paid	(26.36)	(23.46)
Defined Benefit Obligations at end of the year (a)	1,128.57	1,001.91
Change in Plan Assets		
Contributions by Employer	26.36	23.46
Benefits Paid	(26.36)	(23.46)
Fair Value of Plan Assets at end of the year (b)	0.00	0.00
Present Value of un Funded Obligations (a-b)	1,128.57	1,001.91
The net Amount recognized in the Statement of Profit and Loss for the year ended 31st March, 2013 is as follows:		
Current Service Cost	62.69	43.99
Interest Cost	84.04	75.81
Net Actuarial Loss / (Gain) Recognized	6.29	(29.89)
Net amount recognized	153.02	89.91
<u>The Principal Actuarial Assumptions used as at 31st March, 2013 are as follows:</u>		
Discount Rate	8.05%	8.50%
Expected Rate of return on Plan assets		
Withdrawal Rate	5%	5%
Rate of increase in Compensation Levels	5%	5%

28. The company has revalued its Aurangabad and Nashik land at Rs. 21,803.73 Lakhs on the basis of certified valuer's (M/s VGK Truman Consultancy Pvt. Ltd.) report dated 25/04/2013. This has resulted in land being further revalued by Rs.18,755.94 lakhs. The consequent appreciation in value has been credited to Revaluation Reserve.

Further in accordance with Accounting Standard (AS-28) issued by the Institute of Chartered Accountants of India, dealing with "Impairment of Assets", the company has been advised that there was impairment of certain Cash Generating Unit (CGU) by considering the market value and its potential capacity to generate cash flows. On the basis of the report given by a professional consultancy firm of valuers such impairment in value of CGU works out to Rs. 13,235.03 Lakhs. This has been adjusted against the balance in Revaluation Reserve as provided in the scheme of Arrangement between Garware Chemicals Ltd. and the company under section 391 to 394 of the Companies Act 1956, as sanctioned by the Hon'ble High Court of Judicature at Bombay by its order dated 21st October, 2011.

29. The remuneration of Rs. 767.68 Lakhs paid to the Managing director, Joint Managing directors and Director are subject to the sanction of the Central Government in respect of which applications have been made and are pending with Government. (Previous year Rs. 666.64 Lakhs which was subject to sanction of Central Government has been duly approved.)

30. LEASES

The company has entered in to finance and operating lease agreements. As required under the Accounting Standard 19 on 'Leases', the future minimum lease payments on account of each type of lease are as follows.

A. Hire Purchase / Finance Leases (Vehicle)

(Rs. in Lakhs)

Particulars	Future Lease payments		Present Value of Future Minimum Lease Payments		Finance Charges	
	2013	2012	2013	2012	2013	2012
As at 31st March						
Not later than one year	155.20	151.15	124.81	108.51	30.39	42.64
Later than one year and not later than five years	233.14	388.34	211.02	335.83	22.12	52.51
Later than five years	0.00	0.00	0.00	0.00	0.00	0.00

B. Operating Leases

The company has taken various residential /commercial premises and vehicles on operating leases. These operating lease are in the nature of "cancellable lease" therefore disclosure as per Accounting Standard 19 is not required.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

31. Legal and Professional Charges include Rs. 5.50 Lakhs (Previous year Rs. 6.09 Lakhs) paid to some of the Partners of the Auditors for other services and Rs. Nil Lakhs for Amalgamation Expenses (Previous year Rs. 74.46 Lakhs).
32. The Company has expensed out / Written off Sales Tax receivable of Rs.1684.36 Lakhs in prior years pursuant to amendment of MVAT Act by Government of Maharashtra with retrospective effect. However, as per legal opinion obtained by the company, this amendment was not applicable to CST. Accordingly, part amount of Rs. 556.14 Lakhs relating to CST which has been expensed out earlier, is now written back by the company.
33. **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.

	2012-13 Rs. in Lakhs	2011-12 Rs. in Lakhs
Sales		
Within India	31,390.03	43,651.14
China (Including Export Incentives)	9,859.04	6,924.11
Rest of world (Including Export incentives)	40,056.62	32,979.85
TOTAL	81,305.69	83,555.10

34. RELATED PARTY DISCLOSURES

- a) List of Related Parties

Associate Companies	Garware Chemicals Ltd.
Key Management Personnel	Shri. S. B. Garware Mrs. S. S. Garware Mrs. Monika Garware Modi Mrs. Sarita Garware Ramsay Ms. Sonia S. Garware
Enterprises over which Key Managerial Person are able to exercise significant influence	S. B. Garware Family Trust Garware Charitable Trust Garware Industries Ltd.

- b) Transaction with Related Parties

	2012-13 Rs. in Lakhs	2011-12 Rs. in Lakhs
1) Sales of Goods		
i) Associate Companies	2,511.60	2,998.10
ii) Enterprise over which Key Managerial Person are able to exercise significant influence	4,327.58	5,370.70
2) Purchase of Materials		
i) Enterprise over which Key Managerial Person are able to exercise significant influence	4,444.88	7,183.16
3) Service Received / Processing Charges/ Reimb.of Expenses		
i) Associate Companies	24.58	29.64
ii) Enterprise over which Key Managerial Person are able to exercise significant influence	1,986.40	1,213.74
4) Service Rendered		
i) Enterprise over which Key Managerial Person are able to exercise significant influence	1.35	12.66
5) Sale of Capital Assets to a Director	0.00	250.00
6) Balances [Dr / (Cr)]		
i) Associate Company	(13.51)	(82.92)
ii) Enterprise over which Key Managerial Person are able to exercise significant influence	26.36	(24.96)
iii) Receivable from Director (Rent Deposit)	30.00	30.00
7) Key Management Personnel & Relative Managerial Remuneration (Including Employee Benefits)	728.58	616.22
8) Rent Paid to Director	60.00	15.00
9) Donation to Garware Charitable Trust	60.00	135.00
10) Director Sitting Fees	0.40	0.35

Figures are on gross basis (Including Taxes and Duties)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013
35. CAPITAL AND OTHER COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 3,520.61 Lakhs (Previous year Rs. 5,169.49 Lakhs) against which an advance of Rs. 1,640.05 Lakhs (Previous year Rs. 81.26 Lakhs) has been paid.

36. CONTINGENT LIABILITIES -

a) Contingent Liabilities not provided for -

	As at 31.03.2013 Rs. in Lakhs	As at 31.03.2012 Rs. in Lakhs
Disputed matters in appeal / contested in respect of		
Income Tax	209.31	158.20
Excise Duty	208.48	43.94
Sales Tax	17.13	17.13
Local Body Tax	302.62	0.00
Maharashtra State Electricity Board (MSEB)	27.72	27.72
TOTAL	765.26	246.99

- b) The Company has given counter-guarantees for Rs. 3,436.91 Lakhs (Previous year Rs. 906.52 Lakhs) to Banks in respect of guarantees given by the Banks to third parties for purchase of equipment, supply of goods, clearance of goods from Customs, Excise Bonds, etc.
- c) Letters of Credit opened on behalf of the Company by Banks for purchase of materials and equipment amount to Rs. 17,078.95 Lakhs (Previous year Rs. 17,320.00 Lakhs).
- d) Bills of Exchange discounted under Bill Marketing Scheme amount to Rs. 3,189.27 Lakhs (Previous year Rs. 2,334.90 Lakhs).

37. The previous year's figure have been re-grouped / reclassified to conform to this year's classification.

**STATEMENT PERSUANT TO GENERAL EXEMPTION RECEIVED UNDER SECTION 212 (8) OF THE COMPANIES ACT 1956
 RELATING TO SUBSIDIARY COMPANIES**

Rs. In Lakhs

Sr. No.	Particulars	Garware Polyester International Limited (GPIL) (100% wholly owned by the Company)	Global Pet Films, INC. (100% wholly owned by GPIL)
		2013	2013
1	Share Capital	205.58	54.29
2	Reserves	280.98	57.58
3	Total Assets	584.82	492.26
4	Total Liabilities	584.82	492.26
5	Details of Investment (Except investment in the subsidiaries)	0.00	0.00
6	Turnover & other Income	1480.27	3950.85
7	Profit / (Loss) Before Taxation	301.27	66.27
8	Provision for taxation	62.39	20.15
9	Profit / (Loss) after taxation	238.88	46.12
10	Proposed Dividend	Nil	40.72

Notes

- The final Audited accounts of Garware Polyester International Limited are in Great Britain Pounds (GBP) and translated at closing rate as on 31.03.2013 (Rs. 82.23 = 1 GBP)
- The final Audited accounts of Global Pet Films Inc. are in U S Dollars (USD) and translated at closing rate as on 31.03.2013 (Rs. 54.29 = 1 USD)

E-MAIL REGISTRATION FORM

GREEN INITIATIVE IN CORPORATE GOVERNANCE

Dear Shareholders,

In case you have not registered your e-mail address for receiving communication from the Company in electronic mode, you may send us the registration form below:

E-Communication Registration Form

(In terms of circular No. 17/2011 dated 21.04.2011 and circular No. 18/2011 dated 29.04.2011 issued by the Ministry of Corporate Affairs)

Folio No. / DPID and Client ID : _____

Name of 1st Registered Holder : _____

Name of Joint Holder : _____

Registered Address : _____

Email ID to be registered :

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

I / We shareholder(s) of M/s. Garware Polyester Limited agree to receive communication from the Company in electronic mode. Please register my/our above email id in your records for sending communication through email henceforth.

Date:

Signature:

Note:

1. Shareholders are requested to keep the Company/Depository Participant informed as and when there is any change in the email address.
2. Members holding shares in dematerialized form may kindly update their email addresses with their respective Depository Participant (DP) only.



Garware Polyester Limited



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

56th 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 **56th Annual General Meeting** of the Company held at the Registered Office of the Company at Naigaon, Post Waluj, Aurangabad 431 133 on Thursday, 26th September, 2013 at 11.30 a.m.

NAME OF THE SHAREHOLDER OR PROXY (IN BLOCK LETTERS)	REGD. 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 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 **56th Annual General Meeting** of the Company to be held on Thursday, 26th September, 2013 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 2013.

Revenue Stamp

Signature

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


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



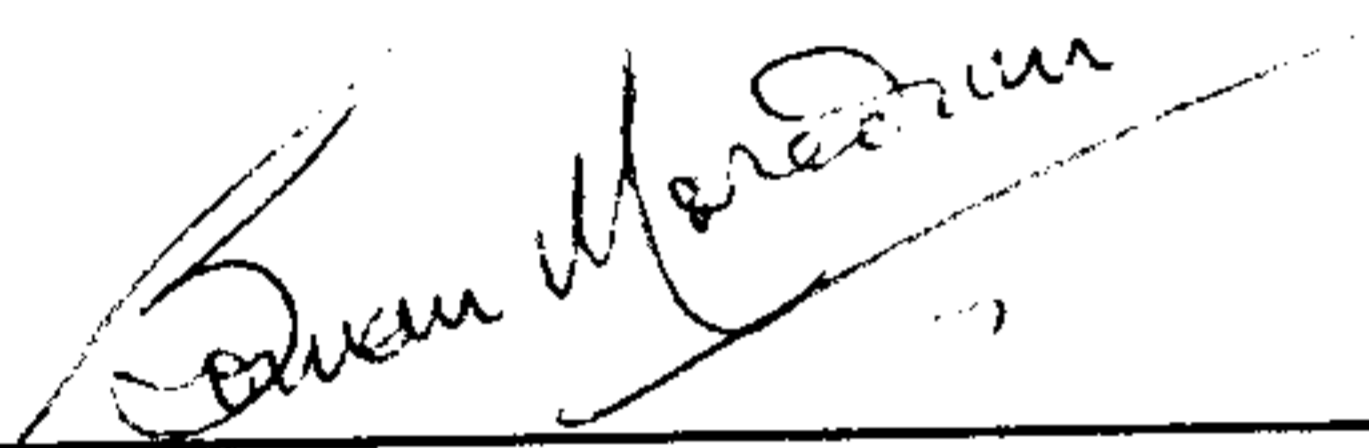
FORM A

Format of covering letter of the annual audit report to be filed with the Stock Exchange

- | | | |
|---|--|--|
| 1 | Name of the Company | Garware Polyester Limited |
| 2 | Annual financial statements for the year ended | March 31, 2013 |
| 3 | Type of Audit observation | Matter of Emphasis (Unqualified) |
| 4 | Frequency of observation | First time in the financial year 2012-13 |


S. B. Garware
Chairman and Managing Director


M.V. Kale
Chief Financial Officer



B. Moradian
Audit Committee Chairman




(Refer our audit report on Standalone and Consolidated financial statements of the Company)

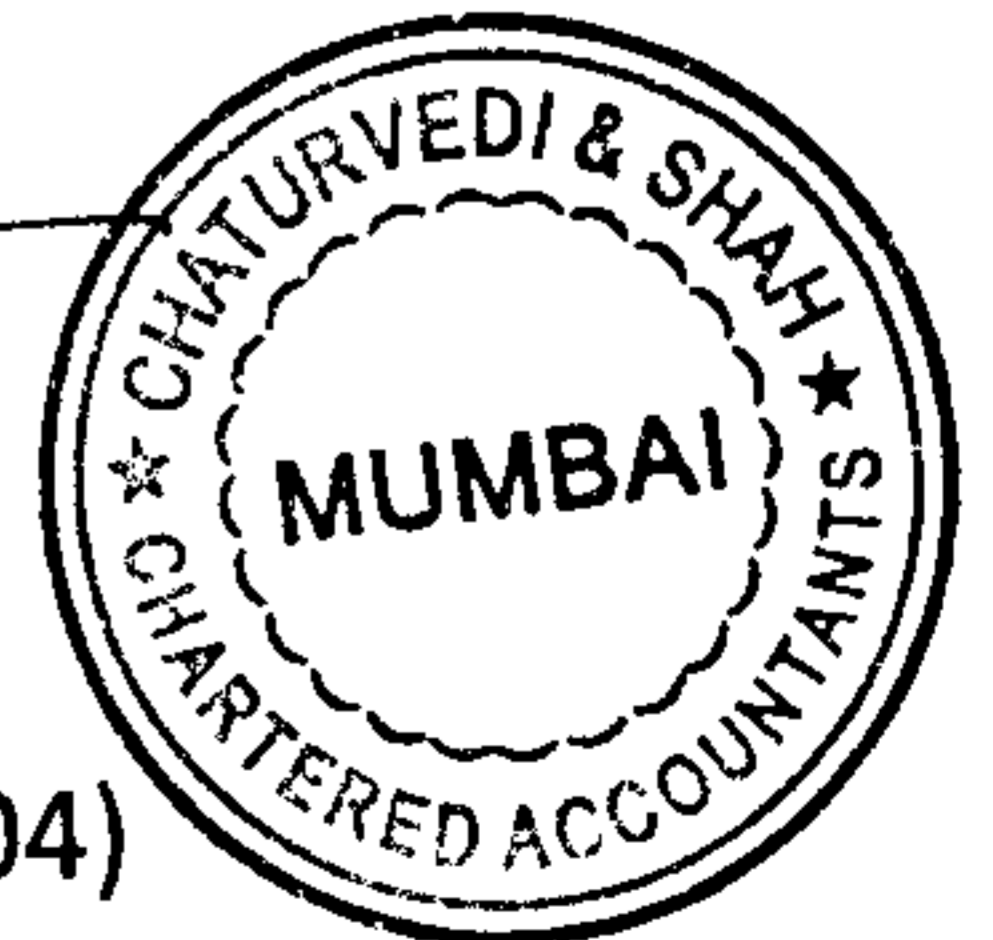
For Shah & Co.
Chartered Accountants
Firm Registration No:109430W

For Chaturvedi & Shah
Chartered Accountants
Firm Registration No:101720W


P.N. Shah
Partner
(Membership No.001738)




Parag D. Mehta
Partner
(Membership No.113904)



Place : Mumbai
Date : 20.07.2013