



Garware
Polyester Limited

BOARD OF DIRECTORS : S.B. GARWARE *Chairman & Managing Director*
S.S. GARWARE (Mrs.)
R.P. CHHABRA
S.N. BAHETI *Nominee of IDBI*
M. GARWARE MODI (Mrs.) *Vice Chairperson & Jt. Managing Director*
SARITA GARWARE (Ms.) *Jt. Managing Director*
A.B. BHALERAO *Director-Technical*
B. MORADIAN
N.P. CHAPALGAONKAR
GAUTAM DOSHI

GENERAL MANAGER (LEGAL) & COMPANY SECRETARY : V.S. Viswanathan

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

AUDITORS : Shah & Co.
Chartered Accountants

SOLICITORS & ADVOCATES : Crawford Bayley & Co.

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

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

WORKS : L-5 & L-6, Chikalthana Industrial Area,
Dr. Abasaheb Garware Marg,
Aurangabad 431 210.
Naigaon, Post Waluj,
Aurangabad 431 133.
A-1 & A-2, MIDC, Ambad, Nasik 422 010.
50-A Swami Nityanand Marg, Vile Parle (East),
Mumbai 400 057.
Plot No. 449/2, Masat, Silvassa 396 230.

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

NOTICE

NOTICE IS HEREBY GIVEN THAT the Forty-seventh Annual General Meeting of the Members of **GARWARE POLYESTER LIMITED** will be held at the Registered Office of the Company at Naigaon, Post Waluj, Aurangabad 431 133 on Tuesday, the 28th September, 2004 at 11.30 a.m. to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2004 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Ms. Sarita Garware, who retires by rotation and, being eligible, offers herself for re-appointment.
4. To appoint a Director in place of Mr. A.B. Bhalariao, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

Special Business:

6. To appoint a director in place of Mr. N.P. Chapalgaonkar, who was appointed as an Additional Director of the Company by the Board of Directors at their Meeting held on 23rd October, 2003, pursuant to Article 121 of the Articles of Association of the Company and under Section 260 of the Companies Act, 1956 and in respect of whom notices in writing have been received by the Company from some members proposing his candidature for the office of a director and, to consider and if thought fit, to pass with or without modification(s), as an Ordinary Resolution, the following:-

"RESOLVED THAT Mr. N.P. Chapalgaonkar be and is hereby appointed a Director of the Company."

7. To appoint a director in place of Mr. Gautam Doshi, who was appointed as an Additional Director of the Company by the Board of Directors at their Meeting held on 29th January, 2004, pursuant to Article 121 of the Articles of Association of the Company and under Section 260 of the Companies Act, 1956 and in respect of whom notices in writing have been received by the Company from some members proposing his candidature for the office of a director and, to consider and if thought fit, to pass with or without modification(s), as an Ordinary Resolution, the following :-

"RESOLVED THAT Mr. Gautam Doshi be and is hereby appointed a Director of the Company."

8. 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 resolution passed at the Annual General Meeting held on 29th September, 2003, and pursuant to the provisions of Sections 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, and subject to such approvals as may be required, consent of the Company be and it is hereby accorded for payment of remuneration to Mrs. Monika Garware Modi, the Joint Managing Director of the Company, with effect from 1st July, 2004, as set out in the draft Agreement to be executed between the Company and Mrs. Monika Garware Modi, placed before the meeting and duly initialled by Mr. R.P.Chhabra, Director of the Company, and the said draft Agreement be and it is hereby approved.

RESOLVED FURTHER THAT in case of inadequacy or absence of profit in any financial year of the Company during the term of office as the Joint Managing Director of Mrs. Monika Garware Modi, the

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remuneration and perquisites set out in the draft agreement be paid to Mrs. Monika Garware Modi as minimum remuneration, provided that the total remuneration by way of salary, perquisites and other allowances shall not exceed the ceiling provided in Schedule XIII of the Companies Act, 1956, as amended from time to time."

By Order of the Board of Directors

V. S. Viswanathan
*General Manager (Legal) &
Company Secretary*

Mumbai, 29th June, 2004

Registered Office:

Naigaon, Post Waluj,
AURANGABAD 431 133

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND TO VOTE ONLY ON A POLL INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument appointing proxy should be deposited at the Registered Office of the Company not less than forty-eight hours before the time fixed for the Meeting.
3. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to Item Nos. 6, 7 and 8 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 Tuesday, the 14th September, 2004 to Tuesday, the 28th September, 2004 (both days inclusive).
6. The Dividend as recommended by the Directors, if declared at the Annual General Meeting, will be paid to those Members whose names appear in the Register of Members of the Company on 28th September, 2004, in respect of shares held in physical form and in respect of shares held in the electronic form, to those 'Deemed Members' whose names appear in the statement of Beneficial Ownership furnished by the National Securities Depository Ltd. (NSDL) and the Central Depository Services (India) Ltd. (CDSL) at the end of business hours on 13th September, 2004.
7. Members are requested to notify immediately any change in their addresses directly to their Depository Participant in case they hold shares in dematerialised form or to the Company's Registrars & Transfer Agents, in case they hold shares in physical form.
8. Pursuant to the provisions of Section 205A of the Companies Act, 1956, all dividends remaining unpaid/unclaimed upto the financial year ended 31st March, 1994 have been transferred to the General Revenue Account of the Central Government. Members who have not encashed dividend warrants pertaining to the said period may submit their claims for dividend to the Registrar of Companies, Maharashtra, at Mumbai.

As per the provisions of Section 205C of the Companies Act, 1956, the Company has transferred the dividend declared for the financial years ended 31st March, 1995 and 31st December, 1995 which

remained unpaid or unclaimed for a period of seven years to the Investor Education and Protection Fund (IEPF) set up by the Central Government. The Dividend declared for the financial year ended 31st December, 1996 which remains unpaid or unclaimed for a period of seven years will be transferred to the IEPF shortly. It may be noted that no claims shall lie against the Company or IEP Fund in respect of the said unclaimed dividend amount.

9. Members holding shares in physical form are requested to forward all applications for transfers and all other shares related correspondence, including intimation for change of address, if any, to the Registrar and Share Transfer Agents of the Company at the following address:

INTIME SPECTRUM REGISTRY LIMITED

(Unit: Garware Polyester Limited)

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

Tel.: 5555 5454 / 2592 3837

Fax: 5555 5353 / 2567 2693

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

ANNUAL REPORT 2003-2004**ANNEXURE TO THE NOTICE****EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.****Item Nos. 6 & 7**

Mr. N.P.Chapalgaonkar and Mr. Gautam Doshi were appointed as Additional Directors on the Board of the Company with effect from 23rd October, 2003 and 29th January, 2004 respectively under Article 121 of the Articles of Association of the Company and under Section 260 of the Companies Act, 1956. Mr. N.P. Chapalgaonkar and Mr. Gautam Doshi hold offices as Additional Directors upto the date of the ensuing Annual General Meeting of the Company. Notices in writing have been received from some of the members of the Company under Section 257 of the Companies Act, 1956 signifying their intention to propose Mr. N.P. Chapalgaonkar and Mr. Gautam Doshi as the candidates to the offices of the Directors of the Company.

Mr. N.P. Chapalgaonkar is a retired Judge of Bombay High Court and has practised earlier as an Advocate for 28 years and he has been associated with the publication of various books.

Mr. Gautam Doshi is a Chartered Accountant and partner of RSM & Co., a reputed firm of Chartered Accountants. He is also associated as a Director with various public limited companies. He has been in public practice since 1975.

It would be in the interest of the Company to avail of the valuable experience and guidance of Mr. N.P. Chapalgaonkar and Mr. Gautam Doshi. The Board recommends the appointment of Mr. N.P. Chapalgaonkar and Mr. Gautam Doshi as Directors of the Company.

Mr. N.P.Chapalgaonkar is concerned or interested in the Resolution under Item No. 6 of the Notice. Mr. Gautam Doshi is concerned or interested in the Resolution under Item No. 7 of the Notice. Save as aforesaid, none of the other Directors of the Company is, in any way, concerned or interested in these Resolutions.

Item No. 8

Mrs. Monika Garware Modi has been associated with the Company from April, 1989. She was appointed as Vice-Chairperson with effect from 21st June, 2002. She was appointed as Joint Managing Director of the Company by the members at the Annual General Meeting held on 29th September, 2003 for a period of five years with effect from 1st July, 2003. On account of increase in the business activities of the Company, the duties and responsibilities of Shri S.B. Garware, the Chairman & Managing Director of the Company, has increased manifold over the years. In order to enable Shri S.B. Garware to concentrate on policy matters of the Company, it is considered advisable that Mrs. Monika Garware Modi should assist Shri S.B. Garware in discharging his duties more effectively. Mrs. Monika Garware Modi bears an excellent academic career. She graduated from Vasaar College, one of the renowned institutions in the U.S.A. and then did her Post Graduation in Advanced Management and Business Administration with specialisation in Marketing and obtained 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 Board of Directors has, subject to the approval of the members and such other approvals as may be required, accorded its consent to pay remuneration and perquisites to Mrs. Monika Garware Modi, with effect from 1st July, 2004, on the terms set out in the draft Agreement. The draft Agreement between the Company and Mrs. Monika Garware Modi, inter alia, contains the following terms and conditions :

- a) Salary : Rs. 2,50,000/- per month.
- 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.
- 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 remuneration payable to Mrs. Monika Garware Modi as Joint Managing Director has been approved by the Remuneration Committee of the Board of Directors at its meeting held on 29th June, 2004.

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

Mrs. Monika Garware Modi is concerned or interested in the Resolution. Shri S. B. Garware, Mrs. S. S. Garware and Ms. Sarita 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.

By Order of the Board of Directors

V. S. Viswanathan
General Manager (Legal) &
Company Secretary

Mumbai, 29th June, 2004

Registered Office:
Naigaon, Post Waluj,
AURANGABAD 431 133

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Information on Directors retiring by rotation seeking re-appointment at this Annual General Meeting

Name of the Directors	Ms. Sarita Garware	Mr. A.B. Bhalerao
Date of Birth	25.10.1967	15.05.1949
Appointed on	24.12.1993	30.09.1996
Qualifications	M.B.A. from European University in Switzerland.	B.E. (Mech.), F.I.E.
Expertise in specific functional areas	<ul style="list-style-type: none"> ● Specialisation in Marketing (Total managerial experience – 11 years) 	<ul style="list-style-type: none"> ● Production of Polyester film and allied products Identification of new product lines, product developments, R&D etc. ● Chairman/Trustee of various Social, Educational Charitable Institutions and organisations. (Total managerial experience – 31 years).
Directorship held in other public companies	Garware Industries Limited	Garware Chemicals Limited Garware Industries Limited
Memberships/ Chairmanships of Committees across public companies	Garware Polyester Limited - Member, Share & Debenture Transactions cum Investors' Grievance Committee.	Garware Chemicals Limited – Member, Remuneration Committee

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2004**TO THE MEMBERS,**

Your Directors present the Forty-seventh Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March, 2004.

Financial Results

		(Rs. in Crores)
	2003-04	2002-03
Operating Profit before Interest & Depreciation	109.45	105.21
Less: Interest & Financial Charges	48.22	51.46
Depreciation	32.29	33.08
	80.51	84.54
Profit before Tax and prior period item	28.94	20.67
Add: Prior period item	0.17	0.00
	29.11	20.67
Less: Income Tax	9.39	4.18
Wealth Tax	0.03	0.03
	9.42	4.21
Net Profit for the year	19.69	16.46
Add: Balance brought forward from previous year	16.46	0.00
Balance available for Appropriation	36.15	16.46
Appropriation :		
Proposed Dividend	2.19	0.00
Tax on Dividend	0.28	0.00
Transferred to General Reserve	0.50	0.00
Balance carried to Balance Sheet	33.18	16.46
	36.15	16.46

Dividend

Your Directors recommend for consideration at the Annual General Meeting, declaration of dividend of Re. 1/- (10%) per share, on 2,18,41,364 Equity Shares for the year ended 31st March, 2004, which will absorb Rs. 2.47 crores (including Tax). The requisite provision for dividend has been made in the accounts for the year ended 31st March, 2004.

Operations

The improvement in the performance during the year under review is on account of increase in sales. Gross sales grew up by 8.5% from Rs. 697 crores to Rs. 756 crores. Exports grew up from Rs. 152 crores to Rs. 161 crores, representing an increase of 6%. The sales growth has been fuelled by increase in volume as well as improved realization. This achievement is particularly satisfying considering the protection policy followed by U.S.A. and European Union.

The current year's working is in line with the expectations.

ANNUAL REPORT 2003-2004**Late Dr. B.D. Garware, the Founder Chairman**

Your Directors are happy to inform you that, in recognition of the services of Padma Bhushan, Late Dr. B.D. Garware, the Founder Chairman of the Company, Government of India, Department of Posts released a commemorative postal stamp at Mumbai on 6th February, 2004 during his birth centenary year. Your Directors continue to imbibe inspiration from his extraordinary vision, which will pave the way for our commitment to achieve greater heights and remain a Pioneer in our field.

Future outlook

In view of the international prices showing an uptrend, your Company expects substantial increase in export volumes particularly in speciality segment. Your Company's popular brands, such as 'Garfilm' and 'Global Window Film' have been receiving reasonably good response in the international markets and hence the business is expected to receive substantial boost. With the anticipated robust growth in packaging films segment, the prices in local markets are expected to remain firm. Sun Control films in domestic markets will be continued to be sold in different ranges in the form of car kits. Your Company's safety films will also continue to contribute to the operations.

Legal cases

In response to the Petition filed by the Company under Sections 391 and 394 of the Companies Act, 1956 before the Bombay High Court for sanctioning a Scheme of Compromise and Arrangement amongst secured creditors classified as 'Non-Convertible Debenture holders', which includes Unit Trust of India (UTI), the Hon'ble Court passed an Order confirming the Petition. Although your Company offered to make payment to UTI as per the Scheme, UTI filed an appeal before the Division Bench of Bombay High Court; however, the same was dismissed. Exim Bank, ICICI Bank Ltd. and UTI had filed applications against the Company in Debts Recovery Tribunal (DRT) prior to the restructuring of their debts. In the case of Exim Bank, Consent terms were filed before DRT and hence the application filed by them stands disposed off. In the case of ICICI Bank Ltd., the consent terms for disposal of the application before DRT are being finalised. In the case of UTI, the matter has been adjourned *sine die* by DRT.

Subsidiaries

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

Safety, Health & Environmental Protection:

Your Company has initiated various measures on safety awareness including safety audits, providing health care to its employees, maintaining ecological balance in and around the units and undertaking periodical environmental audits.

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 judgements 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.