



Annual Report 2004-2005

BOARD OF DIRECTORS	: S. B. GARWARE	<i>Chairman & Managing Director</i>
	: S.S. GARWARE (Mrs.)	
	: R.P. CHHABRA	
	: S.N. BAHETI	<i>Nominee of IDBI</i>
	: M. GARWARE MODI (Mrs.)	<i>Vice Chairperson & Jt. Managing Director</i>
	: SARITA GARWARE (Ms.)	<i>Jt. Managing Director</i>
	: A. B. BHALERAO	<i>Director - Technical</i>
	: B. MORADIAN	
	: N.P. CHAPALGAONKAR	
	: GAUTAM DOSHI	
GENERAL MANAGER (LEGAL) & COMPANY SECRETARY	: Prasenjit Guha	
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.	
REGISTRARS & TRANSFER AGENTS	: Intime Spectrum Registry Limited	



NOTICE

NOTICE IS HEREBY GIVEN THAT the Forty-eighth 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 Thursday, the 29th September, 2005 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, 2005 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To declare a dividend on Equity Shares.
3. To appoint a Director in place of Mrs. Monika Garware Modi, who retires by rotation and, being eligible, offers herself for re-appointment.
4. To appoint a Director in place of Mr. B. Moradian, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. R.P. Chhabra, who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint Auditors and to fix their remuneration.

Special Business:

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

“RESOLVED THAT subject to the provisions of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 and other approvals as may required, consent of the company be and it is hereby accorded to the re-appointment of Shri S. B. Garware as Managing Director of the Company for a further term of five years with effect from 1st November, 2004 and that the draft Agreement between the Company and Shri S. B. Garware, setting out the terms and conditions including remuneration placed before the meeting duly initialled by Mr. R. P. Chhabra, Director of the Company, for the purpose of identification, be and it is hereby approved.”

“RESOLVED FURTHER THAT if in any financial year during the currency of the tenure, the Company has no profits or the profits of the Company are inadequate, the Company will pay to Shri S. B. Garware the remuneration as specified in the aforesaid draft Agreement as minimum remuneration.”

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

“RESOLVED THAT subject to the provisions of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 and other approvals as may be required, consent of the Company be and it is hereby accorded to the re-appointment of Mrs. Monika Garware Modi as Joint Managing Director of the Company for a term of five years with effect from 1st November, 2004 and that the draft Agreement between the Company and Mrs. Monika Garware Modi, setting out the terms and conditions including remuneration placed before the meeting duly initialled by Mr. R. P. Chhabra, Director of the Company, for the purpose of identification, be and it is hereby approved.”

“RESOLVED FURTHER THAT if in any financial year during the currency of the tenure, the Company has no profits or the profits of the Company are inadequate, the Company will pay to Mrs. Monika Garware Modi the remuneration as specified in the aforesaid draft Agreement as minimum remuneration.”

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

"RESOLVED THAT subject to the provisions of Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 and other approvals as may be required, consent of the company be and it is hereby accorded to the re-appointment of Ms. Sarita Garware as Joint Managing Director of the Company for a term of five years with effect from 1st November, 2004 and that the draft agreement between the company and Ms. Sarita Garware, setting out the terms and conditions including remuneration placed before the meeting duly initialled by Mr. R. P. Chhabra, Director of the Company, for the purpose of identification, be and it is hereby approved."

"RESOLVED FURTHER THAT if in any financial year during the currency of the tenure, the Company has no profits or the profits of the Company are inadequate, the Company will pay to Ms. Sarita Garware the remuneration as specified in the aforesaid draft Agreement as minimum remuneration."

By Order of the Board of Directors

Prasenjit Guha
*General Manager (Legal) &
Company Secretary*

Mumbai, 17th August, 2005

Registered Office:

Naigaon, Post Waluj,
AURANGABAD 431 133

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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. 7, 8 and 9 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, September 19, 2005 to Thursday, September 29, 2005 (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 29th September, 2005, in respect of shares held in physical form and in respect of shares held in the electronic form, to those 'Deemed Members' whose names appear in the statement of Beneficial Ownership furnished by the National Securities Depository Services Ltd. (NSDL) and the Central Depository Services (India) Ltd. (CDSL) at the end of business hours on 17th September, 2005.
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 Reserve 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, 31st December, 1995 and 31st December, 1996 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. 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 transfer and all other shares related correspondence, including intimation for change of address, if any, to the Registrar and Share Transfer Agents of the Company at the following address:

INTIME SPECTRUM REGISTRY LIMITED

(Unit: Garware Polyester Limited)

C-13, Pannalal Silk Mill Compound,

L.B.S. Marg, Bhandup (West),

Mumbai – 400 078.

Tel No. 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 please inform your DP immediately.
11. To prevent fraudulent encashment of dividend warrants, members are requested to provide their Bank Account Detail(s) (if not provided earlier) to the Company (if shares held in physical form) or to DP (if shares held in demat form), as the case may be, for printing of the same on their dividend warrants.

ANNEXURE TO THE NOTICE

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

Item Nos. 7

At the Annual General Meeting held on 30th December 2002, Shri S. B. Garware was re-appointed as Managing Director of the Company by Members for a term of five years with effect from 1st July, 2002. On account of overall increase in the volume of business of the Company, the duties and responsibilities of Shri S. B. Garware, Chairman & Managing Director of the Company, have substantially increased.

The Remuneration Committee of the Company's Board of Directors reviewed the remuneration package of Shri S. B. Garware, with a view to align such package with the practices prevailing in the corporate world and came to a conclusion that a revision was called for. The Remuneration Committee decided to revise the remuneration payable to Shri S. B. Garware keeping in mind the additional responsibilities shouldered by him. In view of such revision, his existing terms was mutually terminated and he was re-appointed for a fresh term of five years with effect from 1st November, 2004 on the terms set out in the draft Agreement.

The Board of Directors has, at its meeting held on 29th October, 2004, approved the revised terms of remuneration payable to Shri S. B. Garware, so as to be commensurate with his duties and responsibilities, subject to necessary approvals.

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

- a) Salary : Rs. 10,00,000/- per month.
- b) Commission : Shri S. B. Garware will be paid commission, equivalent to the annual salary, in addition to salary and perquisites, based on the net profits of the Company in a particular year in accordance with the provisions of Sections 198 and 309 of the Companies Act, 1956.
- c) Perquisites : Shri S. B. Garware will be entitled to furnished housing accommodation, gas, electricity, water and furnishings and other perquisites such as reimbursement of medical expenses incurred for self and family, leave travel concession for self and family once in a year, club fees, personal accident insurance, provision of a car with driver, telephone at residence etc. The monetary value of the perquisites will be calculated in accordance with the Income-Tax Rules. The aggregate value of the above perquisites shall be restricted to a maximum of 35% of salary.

Shri S. B. Garware shall also be entitled to the following perquisites which shall not be included in the computation of the ceiling on remuneration: -

- i) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these, either singly or put together, are not taxable under the Income-Tax Act, 1961.
 - ii) Gratuity payable at the rate not exceeding half a month's salary for each completed year of service.
 - iii) Encashment of leave at the end of his tenure.
- d) Shri S. B. Garware will be entitled to leave on full remuneration as per the rules of the Company but not exceeding one month's leave for every 11 months of service.
 - e) Shri S. B. Garware will also be entitled to reimbursement of entertainment expenses actually incurred by him in the course of business of the Company.

- f) Shri S. B. Garware will also be entitled to receive from the Company travelling, hotel and other expenses incurred by him in performance of his duties on behalf of the Company.
- g) Shri S. B. Garware 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.

The remuneration payable to Shri S. B. Garware as Managing Director has been approved by the Remuneration Committee of the Board of Directors at its meeting held on 29th October, 2004.

The draft Agreement and the Resolution of the Annual General Meeting referred to in the Resolution under Item No. 7 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.

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

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

Your Directors recommend this resolution.

Item No. 8

Mrs. Monika Garware Modi was appointed as Joint Managing Director of the Company by the members at the Annual General Meeting (AGM) held on 29th September, 2003 for a term of five years with effect from 1st July, 2003, and the terms of her remuneration were approved by the members at the AGM held on 28th September, 2004. On account of overall increase in the volume of business of the Company, the duties and responsibilities of Shri S.B.Garware, the Chairman & Managing Director of the Company, has increased manifold over the years. In order to enable Shri S.B.Garware to concentrate on policy matters of the Company, it is considered advisable that Mrs. Monika Garware Modi should assist Shri S. B. Garware in discharging his duties more effectively. In the process of assisting Shri S. B. Garware, Mrs. Monika Garware Modi will shoulder additional responsibilities.

Mrs. Monika Garware Modi has been associated with the Company from April, 1989. She bears an excellent academic career. She graduated from Vasaar College, one of the renowned institutions in the 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 and to shoulder the additional responsibilities cast on her.

The Remuneration Committee of the Company's Board of Directors reviewed the remuneration package of Mrs. Monika Garware Modi, with a view to align such package with the practices prevailing in the corporate world and came to a conclusion that a revision was called for. The Remuneration Committee decided to revise the remuneration payable to Mrs. Monika Garware Modi, keeping in mind the additional managerial responsibilities shouldered by her. In view of such revision, her existing terms of appointment was mutually terminated and she was re-appointed for a fresh term of five years with effect from 1st November, 2004 on the terms set out in the draft Agreement.

The Board of Directors has, at its meeting held on 29th October, 2004, approved the revised terms of remuneration and perquisites payable to Mrs. Monika Garware Modi, so as to be commensurate with her duties and responsibilities, subject to necessary approvals.

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

- a) Salary : Rs. 5,50,000/- 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 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 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 October, 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.

Item No. 9

At the Annual General Meeting held on 30th December, 2002, Ms. Sarita Garware was appointed as Joint Managing Director for a term of five years with effect from 1st July, 2002. On account of overall increase in the volume of business of the Company, the duties and responsibilities of Mrs. Monika Garware Modi, Vice Chairperson & Joint Managing Director of the Company, have increased manifold over the years. It is therefore considered advisable that Ms. Sarita Garware should assist her in discharging her duties more effectively. In the process of assisting Mrs. Monika Garware Modi, Ms. Sarita Garware will shoulder additional responsibilities.

Ms. Sarita Garware has been associated with the Company as Director since 1993 and as Whole-time Director from April, 1994 to March, 1997. 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 and to shoulder the additional responsibilities cast on her.

The Remuneration Committee of the Company's Board of Directors reviewed the remuneration package of Ms. Sarita Garware, with a view to align such package with the practices prevailing in the corporate world and came to a conclusion that a revision was called for. The Remuneration Committee decided to revise the remuneration payable to Ms. Sarita Garware keeping in mind the additional responsibilities shouldered by her. In view of such revision, her existing terms of appointment was mutually terminated and she was re-appointed for a fresh term of five years with effect from 1st November, 2004 on the terms set out in the draft Agreement.

The Board of Directors has, at its meeting held on 29th October, 2004, approved the revised terms of remuneration and perquisites payable to Ms. Sarita Garware, so as to be commensurate with her duties and responsibilities, subject to necessary approvals.

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

- a) Salary : Rs. 4,50,000/- per month.
- b) Commission : Ms. Sarita Garware will be paid commission, equivalent to the annual salary, in addition to salary and perquisites, based on the net profits of the Company in a particular year in accordance with the provisions of Sections 198 and 309 of the Companies Act, 1956.
- c) Perquisites : Ms. Sarita Garware will be entitled to furnished housing accommodation, gas, electricity, water and furnishings and other perquisites such as reimbursement of medical expenses incurred for self and family, leave travel concession for self and family once in a year, club fees, personal accident insurance, provision of a car with driver, telephone at residence etc. The monetary value of the perquisites will be calculated in accordance with the Income-Tax Rules. The aggregate value of the above perquisites shall be restricted to a maximum of 30% of salary.

Ms. Sarita Garware shall also be entitled to the following perquisites which shall not be included in the computation of the ceiling on remuneration: -

- i) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these, either singly or put together, are not taxable under the Income-Tax Act, 1961.
- ii) Gratuity payable at the rate not exceeding half a month's salary for each completed year of service.
- iii) Encashment of leave at the end of her tenure.