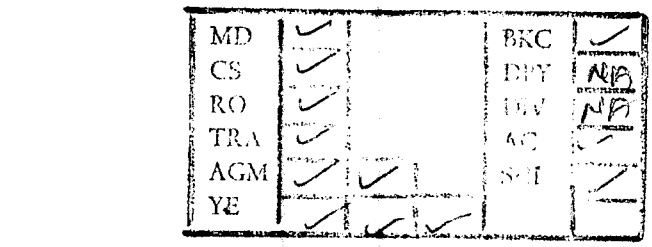
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Garware
Polyester Limited

Annual Report 1997

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Garware Polyester Limited GARWARE

BOARD OF DIRECTORS	:	S.B. GARWARE	*Chairman & Managing Director*
		S.S. GARWARE (Mrs.)	
		S.N. TALWAR	
		BANA PARANJAPE	
		S.K. BASU	*Nominee of UTI*
		S.V. MUZUMDAR	
		DILIP J. THAKKAR	
		V.M. KETKAR	*Nominee of ICICI*
		VINEY KUMAR	*Nominee of IDBI*
		M. GARWARE MODI (Mrs.)	*Whole-time Director*
		SARITA S. GARWARE (Miss)	
		A.B. BHALERAO	*Director - Technical*
VICE PRESIDENT & COMPANY SECRETARY	:	B.D. Doshi	
BANKERS	:	Indian Overseas Bank Dena Bank The Federal Bank Limited State Bank of Mysore Standard Chartered Bank Bank of India Banque Nationale de Paris The Times Bank Limited	
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-6, Chikalthana Industrial Area, Dr. Abasaheb Garware Marg, Aurangabad 431 210. 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	:	906-7, Akashdeep Building, Barakhamba Road, New Delhi 110 001. 807, Bhikaji Cama Bhawan, Bhikaji Cama Place, New Delhi 110 066. 37/1B, Hazra Road, Calcutta 700 029. 19, Casa Major Road, Egmore, Chennai 600 008.	
REGISTRARS & TRANSFER AGENTS	:	Spectrum Corporate Services Ltd.	

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NOTICE

NOTICE IS HEREBY GIVEN THAT the Forty-first 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 Monday, the 29th June, 1998 at 3.30 p.m. to transact the following business :-

Ordinary Business :

(1) To receive, consider and adopt the audited Balance Sheet as at 31st December, 1997 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 appoint a Director in place of Mr.Bana Paranjape who retires by rotation and, being eligible, offers himself for re-appointment.

(3) To appoint a Director in place of Mrs.M.Garware Modi, who retires by rotation and, being eligible, offers herself for re-appointment.

(4) To appoint a Director in place of Mr.Dilip J. Thakkar, 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 consider and, if thought fit, to pass with or without modification, as an Ordinary Resolution, the following :-

"RESOLVED THAT subject to provisions of Sections 198, 269 and 309 read with Schedule XIII, as amended and other applicable provisions, if any, of the Companies Act, 1956, and subject to such other approvals as may be necessary, consent of the Company be and it is hereby accorded to the reappointment of Mr. S.B. Garware to the office of Managing Director of the Company for a further term of five years with effect from 1st July,1998 and that the draft agreement between the Company and Mr.S.B. Garware, setting out the terms and conditions including remuneration, placed before this meeting, duly initialled by Mr.S.N. Talwar, Director of the Company, for the purpose of identification, be and it is hereby approved."

"RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year of the Company during the term of his office, Mr. S.B.Garware shall be entitled to the same salary and perquisites as minimum remuneration as set out in the draft agreement mentioned above."

By Order of the Board of Directors

B.D. DOSHI
Vice President &
Company Secretary

Mumbai, 30th March, 1998

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. An Explanatory Statement relating to the business under Item No. 6 of the Notice as required under Section 173(2) of the Companies Act, 1956 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 Share Transfer Books of the Company will remain closed from Thursday, the 11th June, 1998 to Wednesday, the 24th June, 1998 (both days inclusive).

6. Members are requested to notify immediately any change in their addresses, quoting Folio No. and giving complete address in block capitals with pin code of the postal district.

7. Pursuant to the provisions of Section 205A of the Companies Act, 1956 all unclaimed dividends upto and inclusive of Financial Year 1993-94 have been transferred to the General Revenue Account of the Central Government. Members who have not encashed their Dividend Warrants pertaining to the said period may submit their claims for dividend to the Registrar of Companies, Maharashtra, at Mumbai.

   Members are requested to claim from the Company their unclaimed Dividends ,if any,in respect of financial years 1994-95, 1995 and 1996 at the earliest,as the Dividends remaining unclaimed will have to be transferred to the General Revenue Account of the Central Government under the provisions of Section 205A of the Companies Act, 1956. **The unclaimed dividend for the financial year 1994-95 is due for such transfer in November,1998.**

8. The Company has appointed Registrars & Transfer Agents to take care of all the needs of the Investors. Investors are, therefore, requested to contact them at any of their addresses given below:

SPECTRUM CORPORATE SERVICES LTD.
Unit : Garware Polyester Ltd.

Registered Office:
Shree Ganesh Industrial House,
1st Floor, Near Amar Cinema,
W.T. Patil Marg,
Chembur,
Mumbai - 400 071
Tel.: 558 1215
Fax: 558 1214
Email: spectcor@bom3.vsnl.net.in

Corporate Office:
201, Daver House, 2nd Floor,
Next to Central Camera,
197/199, D.N. Road,
Fort,
Mumbai - 400 001
Tel.: 261 6858/3909, 265 6929
Fax: 261 0721

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ANNEXURE TO THE NOTICE

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

Item No.6

The present term of office of Mr.S.B.Garware as Managing Director will expire on 30th June, 1998. The Board of Directors of the Company at its meeting held on 30th March, 1998, re-appointed Mr.S.B. Garware as Managing Director of the Company, for a further term of five years with effect from 1st July, 1998, on the terms and conditions including remuneration as set out in the draft Agreement, subject to the necessary approvals. The draft Agreement between the Company and Mr.S.B. Garware, *inter alia,* contains the following terms and conditions :-

a) SALARY : Rs.12,00,000/- per annum or Rs.1,00,000/- per month.

b) COMMISSION : Mr. S. B.Garware will be paid commission in addition to salary and perquisites, subject to a maximum of Rs.15,00,000/- per annum based on 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 : Mr.S.B. Garware will, in addition to salary, be entitled to housing accommodation or house rent allowance, gas,electricity,water and furnishing 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, provisions of a car with driver, telephone at residence and other allowances as per the rules of the Company. Perquisites shall be evaluated as per Income-tax Rules, wherever applicable.

Mr.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) Mr.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) Mr.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) Mr. 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) In the event of any dispute or difference arising at any time between Mr.S.B. Garware and the Company in respect of the Agreement or the construction thereof, the same shall be submitted to and be decided by arbitration in accordance with the provisions of the Arbitration and Reconciliation Act, 1996.

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h) Mr.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 Company Law Board.

The draft Agreement referred to in the Resolution under Item No.6 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 1.00 p.m.

Mr.S. B. Garware is concerned or interested in the Resolution. Mrs.S.S.Garware, Mrs.M.Garware Modi and Miss Sarita S. Garware, Directors of the Company, being related to Mr.S.B. 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 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

B.D. DOSHI
Vice President &
Company Secretary

Mumbai, 30th March, 1998

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

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DIRECTORS' REPORT FOR THE ACCOUNTING YEAR ENDED 31ST DECEMBER, 1997

TO THE MEMBERS,

Your Directors present the Forty-first Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st December, 1997.

Financial Results

	1997 Rs.in lakhs	1996 Rs.in lakhs
Profit before Interest, Depreciation and Tax	**7161.49**	5061.76
Interest	**4010.17**	2052.88
Depreciation	**2572.31**	1553.12
Tax	**78.98**	–
Net Profit	**500.03**	1455.76
Add/(Less) : Prior period Adjustments (Net)	**–**	33.00
Add : Transferred from Investment Allowance (utilised) Reserve	**–**	180.00
Balance available for Appropriation	**500.03**	1668.76
Appropriations :		
Transferred to Debenture Redemption Reserve	**500.03**	311.28
Proposed Dividend	**–**	332.81
Transferred to General Reserve	**–**	1024.67
Total	**500.03**	1668.76

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Operations

The performance of your Company was adversely affected during the year under review on account of recessionary trends in the economy and South East Asian Currency crisis. Your Directors have not recommended any payment of Dividend on Equity Shares.

Fire at Waluj Plant

There was a fire at Company's Polyester Chips Plant at Waluj in Aurangabad on 22nd March, 1998, resulting in damage to a part of the Chips Plant and loss of three lives. The insurance claim of the Company is under assessment. It is estimated that it will take about six months for the Plant to restart.

Issue of shares against Detachable Warrants

During the year under review your Directors allotted 47,80,799 Equity Shares of Rs.10/- each at a premium of Rs.40/- per Share to the Warrantholders who had exercised their option to apply for and get allotted Equity Shares of the Company.

Promise v/s. Performance

A comparison of the profitability projections as mentioned in the Letter of Offer of the Rights Issue of Shares and the corresponding results actually achieved is given below :-

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1. Type of Issue : Rights Equity Issue
2. Date on which the Issue opened : 18th November, 1995
3. Financial Year for which Projection v/s. Actual are provided : As shown below

A. Utilisation of Funds

(Rs. in Crore)

	Projection	Actual (upto 31.12.1997)
III Polyester Film Line	71.09	71.05
Continuous Polymerisation Plant	33.50	58.50
IV and V Polyester Film Line	156.72	258.37
Margin Money for Working Capital	32.54	28.64
Issue Expenses	3.15	3.43
Total	297.00	419.99

B. Profitability

(Rs. in Crore)

	Projection For the year ended 31st Mar. '98	Actual For the year ended 31st Dec. '97	Variation Amount	Variation (%)
Sales (Net of Excise)				
Domestic	269.31	142.29	– 127.02	– 47
Exports	517.52	138.57	– 378.95	– 73
Total	786.83	280.86	– 505.97	– 64
Other Income	0.42	15.88	15.46	3680
Inc/(Dec) in stock	–	(3.72)	(3.72)	–
Manufacturing Expenses	504.75	221.41	– 283.35	– 56
PBIDT	131.22	71.61	– 59.61	– 45
Interest	36.31	40.10	3.79	10
Depreciation	23.04	25.72	2.68	12
Profit Before Tax	71.87	5.79	– 66.08	– 92
Taxation	7.94	0.79	– 7.15	– 90
Profit After Tax	63.94	5.00	– 58.94	– 92
Share Capital	22.04	21.78	– 0.26	– 1
Reserves & Surplus #	327.15	221.02	– 106.13	– 32
Networth	332.99	233.03	– 99.96	– 30
Dividend (%)	40	–	– 40.00	– 100
Earning Per Share (Rs.)	29.01	2.29	– 26.72	– 92
Book Value (Rs.)	151.06	208.43	57.37	38
Return on Networth (%)	19.21	2.15	– 17.06	– 89

Includes Revaluation Reserve

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Directors

Mr.Viney Kumar, General Manager of Industrial Development Bank of India (IDBI), Southern Region, was nominated by IDBI as a Director on the Board of the Company with effect from 2nd June, 1997 in place of Mr.J.K. Ray.

Mr.Bana Paranjape, Mrs.M. Garware Modi and Mr.Dilip J. Thakkar retire by rotation and being eligible, offer themselves for re-appointment.

Auditors

You are requested to appoint Auditors and to fix their remuneration. The retiring Auditors, Messers Shah & Co., are eligible for re-appointment and have indicated their willingness to act as Auditors, if appointed.

The observations made in the Auditors' Report are self explanatory and therefore, do not call for any further comments.

Subsidiaries

Pursuant to Section 212 of the Companies Act, 1956, the accounts of Garware Chemicals Limited and Garware Polyester International Limited, subsidiaries of the Company, are annexed. During the year under review. Global Pet Film Inc., was incorporated in the United States of America. This Company is a subsidiary of Garware Polyester International Limited. Consequently, by virtue of Section 4 (1) (c) of Companies Act, 1956, it becomes subsidiary of your Company also.

Garware Chemicals Limited

Your Directors have to inform you that DMT Project with 60000 MT per annum capacity being implemented by Garware Chemicals Limited (GCL) was delayed due to extraordinary international developments, particularly in the Polyester Sector in East Asia and will go on stream in the near future.

Other Information

Information as per Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 form part of this Report. However, as per the provisions of Section 219(1)(b)(iv), of the Companies Act, 1956, the Report and Accounts is 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 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 whole-hearted co-operation received by the Company from the various departments of the Central & State Governments, Company's Bankers and Financial & Investment Institutions during the year under review.

For and on behalf of the Board of Directors

S.B. GARWARE
Chairman & Managing Director

Mumbai, 30th March, 1998

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