



Garware

Polyester Limited



Annual Report 1999-2000



NOTICE OF EXTRA-ORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extra-Ordinary 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 Saturday, the 30th September, 2000 at 4.30 p.m. or soon after the conclusion of the 43rd Annual General Meeting of the Company to transact the following business :-

To consider, pursuant to section 23(1)(a)(ii) of the Sick Industrial Companies (Special Provisions) Act, 1985, the erosion of more than 50 % of the peak networth of the Company during the immediately preceding four financial years, as at the close of the financial year of the Company ended on 31st March, 2000 and the Report of the Board of Directors thereon and the remedial steps being taken and to authorise the Directors to sign and execute such papers, applications and documents as they may deem necessary, expedient or desirable in this regard.

By Order of the Board of Directors

B.D. DOSHI

*Vice President and
Company Secretary*

Mumbai, 28th August, 2000

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. 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.
4. A report pursuant to Section 23(1)(b) of the Sick Industrial Companies (Special Provisions) Act, 1985 is incorporated as a part of explanatory statement annexed hereto.

**EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956
AND THE REPORT OF THE BOARD OF DIRECTORS UNDER SECTION 23(1)(b) OF
THE SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985.**

Under Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985, if the accumulated losses of an Industrial Company as at the end of any financial year have resulted in erosion of 50% or more of its peak networth during the immediately preceding four financial years, the Company is required within a period of 60 days from the date of finalisation of the duly Audited Accounts of the Company for the relevant financial year to report the fact of such erosion to the Board of Industrial and Financial Reconstruction and hold a General Meeting of the Shareholders of the Company for considering such erosion.

The peak networth of the Company during immediately preceding four financial years was Rs.233.03 Crore. Based on Audited Accounts for the year ended 31st March, 2000 which will be finalised by adoption at the Annual General Meeting of the Company to be held on 30th September, 2000, the Company's networth as on 31st March, 2000 is Rs.69.99 Crore, which indicates more than 50% erosion in the networth in terms of the said Act.

In the above circumstances, the Extra-Ordinary General Meeting is called to consider the subject as set out in the Agenda in compliance with the requirements of Section 23(1)(a)(ii) of the Sick Industrial Companies (Special Provisions) Act, 1985. The causes for the erosion are as under :-

1. General recessionary conditions and over capacities prevailing in domestic as well as in international markets resulting in depressed selling prices.
2. Steep rise in the major input costs such as power, fuel, water charges etc., which Company is unable to pass on to its customers.
3. High interest cost.

The remedial steps being and are proposed to be taken as under :-

1. Company has made detailed plans for operational improvement in the areas such as labour rationalisation, productivity and quality improvement, product-mix changes, market-mix changes, cost cutting, new products development etc. These are being implemented vigorously.
2. Company is negotiating with Financial Institutions and Banks for restructuring of loans including interest, which is expected to be finalised shortly.

The shareholders are requested to take note of the above. The Company will be reporting the matter to the Board of Industrial and Financial Reconstruction as per the requirement of Section 23(1)(a) of the Sick Industrial Companies (Special Provisions) Act, 1985.

No Director of the Company is concerned or interested in the subject.

By Order of the Board of Directors

B.D. DOSHI

*Vice President &
Company Secretary*

Mumbai, 28th August, 2000

Registered Office :

Naigaon, Post Waluj
AURANGABAD 431 133.



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

EXTRA-ORDINARY 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 **Extra-Ordinary General Meeting** of the Company held at the Registered Office of the Company at Naigaon, Post Waluj, Aurangabad 431 133 on Saturday, the 30th September, 2000 at 4.30 p.m. or soon after the conclusion of Annual General Meeting.

NAME OF THE SHAREHOLDER OR PROXY (IN BLOCK LETTERS)	REGD. FOLIO NO.
SIGNATURE OF THE SHAREHOLDER OR PROXY	



PROXY FORM



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
 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 **Extra-Ordinary General Meeting** of the Company to be held on Saturday, the 30th September, 2000 at 4.30 p.m. or soon after the conclusion of Annual General Meeting at the Registered Office of the Company at Naigaon, Post Waluj, Aurangabad 431 133 and at any adjournment thereof.

Signed this 2000.

Signature

Affix Revenue Stamp of 30 Paise
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PROXY NO.	REGD. FOLIO	NO. OF SHARES
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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.

BOARD OF DIRECTORS	:	S.B. GARWARE	<i>Chairman & Managing Director</i>
		S.S. GARWARE (Mrs.)	
		S.N. TALWAR	
		BANA PARANJAPPE	
		V.J.B. ANDREWS	<i>Nominee of UTI</i>
		S.V. MUZUMDAR	
		DILIP J. THAKKAR	
		V.M. KETKAR	<i>Nominee of ICICI</i>
		G.M. YADWADKAR	<i>Nominee of IDBI</i>
		M. GARWARE MODI (Mrs.)	<i>Whole-time Director</i>
VICE PRESIDENT & COMPANY SECRETARY		SARITA S. GARWARE (Miss)	
		A.B. BHALERAO	<i>Director-Technical</i>
BANKERS	:	B.D. Doshi	
		Indian Overseas Bank	
		Dena Bank	
		The Federal Bank Limited	
		State Bank of Mysore	
		Bank of India	
		Standard Chartered Bank	
		BNP Paribas	
		HDFC Bank Limited	
AUDITORS	:	Shah & Co.	
		Chartered Accountants	
SOLICITORS & ADVOCATES	:	Crawford Bayley & Co.	
		Naigaon, Post Waluj,	
		Aurangabad 431 133.	
REGISTERED OFFICE	:	Garware House,	
		50-A, Swami Nityanand Marg,	
		Vile Parle (East), Mumbai 400 057.	
CORPORATE OFFICE	:	L-5 & L-6, Chikalthana Industrial Area,	
		Dr. Abasaheb Garware Marg, Aurangabad 431 133.	
		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.	
WORKS	:	807, Bhikaji Cama Bhawan, Bhikaji Cama Place,	
		New Delhi 110 066.	
		37/1B, Hazra Road,	
		Calcutta 700 029.	
		Old No. 40, New No. 91,	
		Shiyali Mudali Street,	
		Pudupet	
		Chennai 600 002.	
OFFICES	:	Intime Spectrum Registry Pvt. Ltd.	
REGISTRARS & TRANSFER AGENTS			

NOTICE

NOTICE IS HEREBY GIVEN THAT the Forty-third 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 Saturday, the 30th September, 2000 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 March, 2000 and the Profit and Loss Account for the year ended on that date and the Report 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 Mr.S.N. Talwar, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Miss Sarita S. Garware, who retires by rotation and, being eligible, offers herself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

By Order of the Board of Directors

B.D. DOSHI

*Vice President &
Company Secretary*

Mumbai, 28th August, 2000

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. 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.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, the 26th September, 2000 to Saturday, the 30th September, 2000 (both days inclusive).
5. 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.

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6. Pursuant to the provisions of section 205A of the Companies Act, 1956 all dividends remaining unpaid/unclaimed upto the financial year 1993-94 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.

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 credit of Investor Education and Protection Fund of the Central Government under the provisions of section 205A and 205C of the Companies Act, 1956, after seven years. Members are requested to note that once it is transferred to the credit of the said fund of the Central Government, they will not be entitled to claim the same.

7. 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 :-

INTIME SPECTRUM REGISTRY PRIVATE LIMITED**Unit : Garware Polyester Limited****Office :**

260, Shanti Industrial Estate
Sarojini Naidu Road
Mulund (West)
Mumbai 400 080
Tel. : 5647731/5672716
Fax : 5672693
Email: isrl@vsnl.com

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



DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2000.

TO THE MEMBERS,

Your Directors present the Forty-third Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March, 2000.

Financial Results

During the year under review the performance of the Company has resulted in a loss of Rs.59.44 Crore as against loss of Rs.104.93 Crore in the previous 15 month period. There is recession and overcapacity in the Polyester Film industry in the local, as well as, overseas markets. Hence, the prices of Polyester Film both in Domestic and International markets continue to be depressed.

On account of adverse market conditions and cash losses the Company has not been in a position to pay interest/installments of institutions for some time now and hence, has been classified as a non performing asset account with most of the term lenders. The Company has also received letters from some of the lenders asking for repayment of loan instalment and payment of interest, failing which they propose to initiate legal action.

The Company has, therefore, approached Industrial Development Bank of India (IDBI) and other term lenders to restructure its financial liabilities. IDBI has appointed KPMG India Private Limited (KPMG) as Consultant to review the operations of the Company, including assessment of business capabilities and potentials, market for the product, profitability and valuation of assets etc. The Consultant will suggest strategies to turn-around the Company. KPMG has already started the assignment and are expected to submit their first report shortly.

Your Directors have not recommended any payment of Dividend on Equity Shares.

Directors

Mr.Bana Paranjape, Mr.S.N. Talwar and Miss Sarita S. Garware retire by rotation and being eligible, offer themselves for re-appointment.

Auditors

You are requested to appoint Auditors and 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, Garware Polyester International Limited and Global Pet Films Inc., subsidiaries of the Company are annexed.

Garware Chemicals Limited

DMT Project had undergone satisfactory trial run in December, 1999 and the commercial production has started on 13th May, 2000.

All the parameters, especially the quality of DMT, raw material consumption and energy consumption are being closely monitored. The performance of DMT Plant is satisfactory and your Company has started using DMT for its film production.

The samples of DMT manufactured have been sent to different users and the same have been

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approved by some of them. Efforts are now being made to market DMT in local as well as international markets.

Y2K Compliance

Your Company has successfully achieved Y2K transition. All the software and hardware are Y2K compliant and continue to be fully functional.

Sick Industrial Companies (Special Provisions) Act, 1985.

It would be observed that more than 50% of the peak net worth of the Company during the preceding four financial years has been eroded as at 31st March, 2000. The Company is, therefore, holding an Extra-ordinary General Meeting to consider this position as required under Section 23 of the said Act.

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.

Dematerialisation of Shares

Your Directors have pleasure in informing you that with effect from June 26, 2000 trading in the Shares of your Company in dematerialised form has become compulsory.

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

Mumbai

Date: 28th August, 2000.

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:
(a) Energy Conservation Measures taken.

The Energy conservation is achieved by eliminating the wasteful leaks, optimisation of consumption and improved efficiency of utilities, plants and processes.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy.

Additional investment is planned for improving power factor and also use of waste steam.

(c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

As a result of the above actions the energy consumption is lesser than the previous financial year.

(d) Total Energy Consumption and Energy Consumption per unit of production as per prescribed Form A.

Not applicable.

(B) TECHNOLOGY ABSORPTION:
I. Research and Development (R & D) :
1) Specific areas in which R & D carried out by the Company.

R & D was carried out in the following areas :-

- (a) Graphic Art Film (Clear & Super Clear Films).
- (b) Super Matte Film.
- (c) Ink Jet Film.
- (d) Coated Overhead Projector Transparency Film (OHP).
- (e) Laser drafting Film (LDF).

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

These products give increased value addition.

3) Expenditure on R & D/Product Development.

	(Rs. in Lakhs)
(a) Capital	322.86
(b) Recurring	14.07
(c) Total	336.93
(d) Total R & D Expenditure as a percentage of total turnover.	1.11