



Garware

Polyester Limited



Annual Report 2001-2002

BOARD OF DIRECTORS	: S.B. GARWARE	<i>Chairman & Managing Director</i>
	S.S. GARWARE (Mrs.)	
	R. P. CHHABRA	
	V.M. KETKAR	<i>Nominee of ICICI</i>
	G.M. YADWADKAR	<i>Nominee of IDBI</i>
	M. GARWARE MODI (Mrs.)	<i>Vice Chairperson</i>
	SARITA S. GARWARE (Miss)	<i>Jt.Managing Director</i>
	SONIA S. GARWARE (Miss)	<i>Jt.Managing Director</i>
	A. B. BHALERAU	<i>Director-Technical</i>
	B. MORADIAN	
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 Standard Chartered Bank HDFC 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-5 & 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	: DSIDC Packaging Complex, B/13, Kirti Nagar, New Delhi 110 015. 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	

ANNUAL REPORT 2001-2002**NOTICE**

NOTICE IS HEREBY GIVEN THAT the Forty-fifth 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 30th December, 2002 at 11.00 a.m. to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2002 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. A.B. Bhalerao, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. B.Moradian, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

Special Business:

5. To appoint Miss Sonia S. Garware as a Director of the Company.
6. 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 and subject to the approval of Central Government and such other approvals as may be required, consent of the Company be and it is hereby accorded to the re-appointment of Mr. S. B. Garware as Managing Director of the Company for a further period of five years with effect from 1st July, 2002, and that the draft Agreement between the Company and Mr. 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.”

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 Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of Central Government and such other approvals as may be required, consent of the Company be and it is hereby accorded to the appointment of Miss Sarita S. Garware as Joint Managing Director of the Company for a term of five years with effect from 1st July, 2002 and that the draft Agreement between the Company and Miss Sarita S. 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 in the event of loss or inadequacy of profits in any financial year of the Company during the term of office as Joint Managing Director of Miss Sarita S. Garware, the remuneration and perquisites set out in aforesaid draft agreement be paid to Miss Sarita S. Garware as remuneration provided that the total remuneration by way of salary, perquisites and other allowances shall not exceed the ceiling provided in Schedule XIII to the Companies Act, 1956 as amended from time to time.”

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 Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of Central Government and such other approvals as may be required, consent of the Company be and it is hereby accorded to the appointment of Miss Sonia S. Garware as Joint Managing Director of the Company for a term of five years with effect from 1st July, 2002 and that the draft agreement between the Company and Miss Sonia S. 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 in the event of loss or inadequacy of profits in any financial year of the Company during the term of office as Joint Managing Director of Miss Sonia S. Garware, the remuneration and perquisites set out in aforesaid draft Agreement be paid to Miss Sonia S. Garware as remuneration provided that the total remuneration by way of salary, perquisites and other allowances shall not exceed the ceiling provided in Schedule XIII to 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, 27th November, 2002

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. 5 to 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 Share Transfer Books of the Company will remain closed from Tuesday, the 24th December, 2002 to Monday, the 30th December, 2002 (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 dematerialised form or to the Company's Registrars & Transfer Agents, in case they hold shares in physical form.

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7. 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.

As per the provisions of Section 205C of the Companies Act, 1956, the Company has transferred the dividend declared for the financial year ended 31st March, 1995 which remained unpaid or unclaimed for a period of seven years to the Investor Education and Protection (IEP) Fund set up by the Central Government. Members are requested to claim from the Company their Unclaimed Dividends, if any, in respect of financial years ended 31st December, 1995 and 31st December, 1996 at the earliest, as the dividends remaining unclaimed will be transferred to the credit of IEP Fund of the Central Government under the provisions of Section 205C of the Companies Act, 1956, after seven years. It may please be noted that no claims shall lie against the Company or IEP Fund in respect of the said unclaimed dividend amount.

8. Investors are requested to contact the Company's Registrar & Transfer Agents at any of their addresses given below to take care of all their needs:

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

260, Shanti Industrial Estate,
Sarojini Naidu Road,
Mulund (West),
Mumbai - 400 080.
Tel : 2592 3837/2592 3857
Fax : 2567 2693
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 : 2261 6858/3909, 2265 6929
Fax : 2261 0721

ANNEXURE TO THE NOTICE**Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956****Item No. 5**

Miss Sonia S. Garware was appointed as an Additional Director on the Board of the Company with effect from 21st June, 2002 under Article 121 of the Articles of the Association of the Company and under Section 260 of the Companies Act, 1956. Miss Sonia S. Garware holds office as an Additional Director 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 Miss Sonia S. Garware as the candidate to the office of the Director of the Company.

Miss Sonia S. Garware is an M.B.A. with triple major in Finance, Marketing & Strategy from Boston College, U.S.A. She has been associated with the Company for the last five years and is the head of the Consumer Products Division (Sun Control, OHP, etc.). Under her stewardship, the performance of Sun Control film division has improved substantially. Miss Sonia S. Garware was instrumental in branding Sun Control film in U.S.A.

It would be in the interest of the Company to continue to avail of her valuable experience and guidance. The Board recommends her appointment as Director of the Company.

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

Item No. 6

At the Annual General Meeting held on 29th June, 1998, Mr. S. B. Garware was re-appointed as Managing Director of the Company by Members for a period of five years with effect from 1st July, 1998. The Central Government has recently amended Schedule XIII to the Companies Act, 1956 and issued revised guidelines on managerial remuneration. On account of continuous expansion and diversification in the activities of the Company, the duties and responsibilities of Mr. 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 Mr. 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. After taking appropriate professional advice, the Remuneration Committee decided to revise the remuneration payable to Mr. Garware. In view of such revision, his existing appointment, expiring in June 2003, was mutually terminated and he was re-appointed for a fresh term of five years with effect from 1st July, 2002 on the terms set out in the draft Agreement.

The Board of Directors has, at its meeting held on 21st June, 2002, approved the revised terms of remuneration payable to Mr. S. B. Garware, so as to be commensurate with his duties and responsibilities, subject to necessary approvals.

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

- | | | |
|-----------------------|---|---|
| a) SALARY | : | Rs.3,00,000/- per month in the scale of :
Rs.3,00,000 – 1,00,000 – 5,00,000. |
| b) COMMISSION | : | Mr. S. B. Garware will be paid commission, equivalent to the annual salary, in addition to salary and perquisites, 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 | : | <p>Mr. S. B. Garware will be entitled to 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.</p> <p>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: -</p> <p>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.</p> |

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- 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) 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 Central Government.

The remuneration payable to Mr. S.B. Garware as Managing Director has been approved by the Remuneration Committee of the Board of Directors at its meeting held on 21st June, 2002.

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.

In terms of Notification dated 16th January, 2002 issued by Department of Company Affairs, the Company has submitted an application to the Central Government seeking its approval for payment of remuneration to the above appointee and its approval is awaited.

Mr. S. B. Garware is concerned or interested in the Resolution. Mrs. S. S. Garware, Mrs. M. Garware Modi, Miss Sarita S. Garware and Miss Sonia 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.

Item No. 7

Miss Sarita S. Garware has been associated with the Company as Director since 1993 and was a Whole-time Director of the Company from April, 1994 to March, 1997. She is an M.B.A. from European University in Switzerland with specialisation in Marketing. On account of continuous expansion and diversification in the activities of the Company, the duties and responsibilities of Mr. S. B. Garware have increased manifold over the years. In order to enable the Managing Director to concentrate on policy matters of the Company and implementation of new projects, it is considered advisable to appoint Miss Sarita S. Garware as Joint Managing Director to assist him in discharging his duties more effectively. The term of Miss Sarita S. Garware shall be for a period of five years with effect from 1st July, 2002 on the terms and conditions including remuneration as set out in the draft Agreement, subject to necessary approvals. The draft Agreement between the Company and Miss Sarita S. Garware, *inter alia*, contains the following terms and conditions: -

- a) **SALARY** : Rs. 2,25,000/- per month.
- b) **COMMISSION** : Miss Sarita S. 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

: Miss Sarita S. 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.

Miss Sarita S. 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.
- d) Miss Sarita S. 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) Miss Sarita S. Garware will also be entitled to reimbursement of entertainment expenses actually incurred by her in the course of business of the Company.
 - f) Miss Sarita S. Garware 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) Miss Sarita S. Garware 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 Miss Sarita S. Garware as Joint Managing Director has been approved by the Remuneration Committee of the Board of Directors at its meeting held on 21st June, 2002.

The draft Agreement 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 1.00 p.m.

In terms of Notification dated 16th January, 2002 issued by Department of Company Affairs, the Company has submitted an application to the Central Government seeking its approval for payment of remuneration to the above appointee and its approval is awaited.

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

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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

The Board of Directors of the Company at its Meeting held on 21st June, 2002 appointed Miss Sonia S. Garware as Joint Managing Director for a term of five years with effect from 1st July, 2002 on the terms and conditions including remuneration as set out in the draft Agreement, subject to necessary approvals. The draft Agreement between the Company and Miss Sonia S. Garware, *inter alia*, contains the following terms and conditions: -

- a) **SALARY** : Rs. 2,00,000/- per month.
- b) **COMMISSION** : Miss Sonia S. 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** : Miss Sonia S. 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.

Miss Sonia S. 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.
- d) Miss Sonia S. 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) Miss Sonia S. Garware will also be entitled to reimbursement of entertainment expenses actually incurred by her in the course of business of the Company.
- f) Miss Sonia S. Garware 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) Miss Sonia S. Garware 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 Miss Sonia S. Garware as Joint Managing Director has been approved by the Remuneration Committee of the Board of Directors at its meeting held on 21st June, 2002.

The draft Agreement 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 1.00 p.m.

In terms of Notification dated 16th January, 2002 issued by Department of Company Affairs, the Company has submitted an application to the Central Government seeking its approval for payment of remuneration to the above appointee and its approval is awaited.

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

General Information

- (1) The Company is presently engaged in the manufacture and sale of polyester films of various grades and thickness, which are used in a wide range of industries like packaging, textiles, telecommunications, magnetic media, automobiles and construction. The Company has also been exporting the polyester films to several countries in Europe, Far East and U.S.A.

- (2) Financial performance of the Company for the last 3 years is as under: -

(Rs. in Crores)

	1999 – 2000	2000 – 01	2001 – 02
Turnover	303.78	340.81	369.72
PBDIT	41.61	43.44	86.79
Interest	69.21	77.63	51.95
Depreciation	32.04	30.76	32.77
Prior Period Items	0.20	5.46	5.78
Taxation	0.05	0.05	0.04
Net Profit/(Loss)	(59.49)	(59.54)	7.81

- (3) Export Performance for the last 3 years

1999-2000	–	Rs. 111.68 Crores
2000-2001	–	Rs. 133.77 Crores
2001-2002	–	Rs. 115.70 Crores

- (4) Foreign Investments or allotments: N. A.

Additional Information about the Appointees

(a) Mr. S. B. Garware

Mr. S. B. Garware has been associated with the Company since 1951 after schooling in England. He has completed Senior Business Management Course at the University of Edinburgh and specialised in Sales Management, Market Research and Administration. In the early 70's, under his stewardship, the Company embarked upon a major programme of research and development and perfected technical know-how for manufacture of Polyester Film in India, which proved to be a valuable source of savings