



# **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.

Affix Revenue Stamp of 30 Paise
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Signature .....

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.



**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 13<sup>th</sup> 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 31<sup>st</sup> 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.**

	<b>(Rs. In Lakhs)</b>
(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

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**II. Technology absorption, adaptation and innovation :**

1. **Efforts made towards technology absorption, adaptation and innovation.**  
Manufacturing process are modified so as to achieve product quality and yield of the above mentioned development products.
2. **Benefits derived as a result of the above efforts.**  
The above efforts will improve cost economy.
3. **Technology imported during the last five years.**  
The technologies of APET, CPET and for other products are imported.

**(C) FOREIGN EXCHANGE EARNINGS AND OUTGO :**

- (a) **Activities relating to exports, initiatives taken to increase export markets for products and services and export plans.**
  - i) The export marketing activities are being consolidated to maintain the share of exports in the total production.
  - ii) To establish the products in specific overseas regional markets, individuals with experience and knowledge of these markets are appointed to service the customers in these markets.
- (b) **Total Foreign Exchange used and earned. (Rs. in Crore).**

Used : 40.30

Earned : 104.54

*For and on behalf of the Board of Directors*

*Mumbai*  
*Date: 28th August, 2000.*

**S.B. GARWARE**  
*Chairman & Managing Director*

**AUDITORS' REPORT**

## TO THE MEMBERS OF GARWARE POLYESTER LIMITED

We have audited the attached Balance Sheet of GARWARE POLYESTER LIMITED as at 31st March, 2000 and also the annexed Profit and Loss Account of the Company for the year ended on that date.

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph (1) above, we report that:
  - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books.
  - (c) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account and comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.
  - (d) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts subject to :

Note No. 8 for Non-provision in respect of Excise Duty of Rs.54.85 Lakhs of prior years,

Note No. 9 for Non-provision in respect of Sales-tax of Rs.9.61 Lakhs,

Note No. 23 (b) for Non-provision in respect of interest, if any, payable on overdue amounts to SSI suppliers and read together with the other notes in Schedule 12 give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2000;
- and
- (ii) in the case of the Profit and Loss Account, of the 'LOSS' of the Company for the year ended on that date.

For SHAH & CO.  
Chartered Accountants

(INDULAL H. SHAH)  
Partner

Mumbai : 28th August, 2000

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**ANNEXURE TO THE REPORT OF THE AUDITORS TO THE MEMBERS OF  
GARWARE POLYESTER LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED  
31ST MARCH, 2000 (REFERRED TO IN PARAGRAPH 1 THEREOF)**

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. A major portion of the assets has been physically verified by the Management during the year. We are informed that no material discrepancies have been noticed by the Management on such verification.
2. None of the Fixed Assets have been revalued during the year.
3. The stocks of finished goods, stores, spare parts and raw materials have been physically verified during the year by the Management. In our opinion, having regard to the nature and location of stocks, the frequency of verification is reasonable. In the case of materials lying with third parties, certificates confirming stocks have been received in respect of a substantial portion of the stocks held.
4. The procedures of physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noticed on verification between the physical stocks and book records were not material in relation to the operations of the Company.
6. In our opinion, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding accounting year except change in the method of valuation of basic raw materials as referred in Note No. 19 of Schedule 12.
7. The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, and/or from companies under the same management as defined under Section 370(1B) of the Companies Act, 1956.
8. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, and/or to companies under the same management as defined under Section 370(1B) of the Companies Act, 1956 except interest free advance to its subsidiary towards promoters' contribution.
9. The Company has given interest free loans and advances in the nature of loans to employees and ex-employees who are generally repaying the principal amounts wherever stipulated.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchases of stores, raw materials including components, plant and machinery, equipment and other assets and with regard to sale of goods.
11. In our opinion, the transactions of purchase of goods, materials and services and sale of goods and materials made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs.50,000/- or more in respect of each party, have been made at prices which are reasonable having regard to the prevailing market prices for such goods, materials and services or the prices at which transactions for similar goods, materials and services have been made with other parties.

12. As explained to us, unserviceable or damaged stores, raw materials and finished goods are determined by the Company and adequate provision for the loss has been made in the accounts.
13. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A of the Companies Act, 1956, and the rules framed thereunder with regard to the deposits accepted from the public.
14. In our opinion, the Company is maintaining reasonable records for sale and disposal of realisable scrap and by-products.
15. In our opinion, the Company has an Internal Audit System commensurate with its size and nature of its business.
16. The Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, for the year under review for any of the products of the Company.
17. According to the records of the Company, Provident Fund and Employees' State Insurance dues have been regularly deposited during the year with appropriate authorities.
18. According to the information and explanations given to us, no undisputed amounts payable in respect of Income tax, Wealth tax, Sales tax, Customs Duty and Excise Duty as at 31st March, 2000 were outstanding for a period of more than six months from the date they became payable.
19. According to the information and explanations given to us, no personal expenses of Employees or Directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
20. The Company is not a sick industrial company within the meaning of Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985.

For SHAH & CO.  
*Chartered Accountants*

(INDULAL H. SHAH)  
*Partner*

*Mumbai, 28th August, 2000*

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## BALANCE SHEET AS AT 31ST MARCH, 2000

	Schedule	As at 31.03.2000 (Rs.in Lakhs)		As at 31.03.1999 (Rs.in Lakhs)	
<b>FUNDS EMPLOYED:</b>					
<b>SHAREHOLDERS' FUNDS</b>					
Share Capital	1	2177.87		2177.87	
Reserves & Surplus	2	15965.83	18143.70	15969.73	18147.60
<b>BORROWINGS</b>					
Secured Loans	3A	45286.84		41290.57	
Unsecured Loans	3B	1213.59	46500.43	1089.08	42379.65
<b>TOTAL</b>			<b>64644.13</b>		<b>60527.25</b>
<b>APPLICATION OF FUNDS:</b>					
<b>FIXED ASSETS</b>					
Gross Block	4	56221.52		54623.41	
Less: Depreciation		17280.35		14642.84	
Net Block		38941.17		39980.57	
Capital Work in Progress		2694.30	41635.47	3438.52	43419.09
<b>INVESTMENTS</b>					
	5		4709.58		4757.29
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>					
	6				
Inventories		6492.51		5979.93	
Sundry Debtors		3111.03		2745.64	
Cash and Bank Balances		579.61		446.57	
Other Current Assets		2482.31		2462.13	
Loans and Advances		6211.37		6301.53	
		18876.83		17935.80	
<i>Less: CURRENT LIABILITIES AND PROVISIONS</i>					
	7				
Current Liabilities		10755.77		9813.96	
Provisions		0.00		0.00	
		10755.77		9813.96	
<b>Net Current Assets</b>			<b>8121.06</b>		<b>8121.84</b>
Profit & Loss Account			10178.02		4229.03
<b>TOTAL</b>			<b>64644.13</b>		<b>60527.25</b>

The notes in Schedule 12 and Schedules referred to herein form an integral part of the Balance Sheet

As per our report of even date  
For SHAH & CO.  
Chartered Accountants

INDULAL H. SHAH  
Partner

Mumbai, 28th August, 2000

For and on behalf of the Board of Directors

S. B. GARWARE  
Chairman &  
Managing Director

A. B. BHALERAO  
Director - Technical

B. D. DOSHI  
Vice President &  
Company Secretary

Mumbai, 28th August, 2000

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2000**

	Schedule	1999-2000 (12 Months) (Rs.in Lakhs)	1998-99 (15 Months) (Rs.in Lakhs)
<b>INCOME :</b>			
Sales including Excise duty		30377.62	30749.77
Inter-Divisional Transfers (as per Contra)		17339.97	15003.81
Other Income	8	303.68	650.92
Increase / (Decrease) in Finished and Semi-finished Goods	9	153.77	(2040.51)
		<b>48175.04</b>	44363.99
<b>EXPENDITURE :</b>			
Raw Materials consumed	10	11031.40	10264.79
Inter-Divisional Transfers (as per Contra)		17339.97	15003.81
Manufacturing & other expenses	11	12385.98	14851.24
Excise duty		3236.79	3000.82
Interest (Refer Note No. 12 in Schedule 12)		6921.20	7783.66
Loss before Depreciation and Taxation		(2740.30)	(6540.33)
Depreciation		3207.63	3958.75
Less : Transferred from Capital Reserve		3.90	5.57
Loss for the year		(5944.03)	(10493.51)
Less : Income Tax & Wealth Tax paid		(4.96)	(5.79)
Add : Prior Year Income tax provision written back		0.00	144.00
Add : Balance brought from last year		(4229.03)	0.00
Loss before appropriation		(10178.02)	(10355.30)
Transferred to General Reserve		0.00	6126.27
Balance carried to Balance Sheet		(10178.02)	(4229.03)
<b>TOTAL</b>		<b>10178.02</b>	<b>10355.30</b>

The notes in Schedule 12 and Schedules referred to herein form an integral part of the Profit and Loss Account

For and on behalf of the Board of Directors

As per our report of even date  
For SHAH & CO.  
Chartered Accountants

S. B. GARWARE  
Chairman &  
Managing Director

A. B. BHALERAO  
Director - Technical

INDULAL H. SHAH  
Partner

B. D. DOSHI  
Vice President &  
Company Secretary

Mumbai, 28th August, 2000

Mumbai, 28th August, 2000



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## SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31.03.2000 (Rs.in Lakhs)	As at 31.03.1999 (Rs.in Lakhs)
<b>SCHEDULE 1</b>		
<b>SHARE CAPITAL</b>		
Authorised:		
2,50,00,000 Equity Shares of Rs.10/- each	<u>2500.00</u>	<u>2500.00</u>
Issued, Subscribed and Paid-up:		
21,841,364 Equity Shares of Rs.10/-each, fully paid-up	<u>2184.14</u>	<u>2184.14</u>
Less: Unpaid Allotment Call money (from others)	<u>6.27</u>	<u>6.27</u>
	<u><u>2177.87</u></u>	<u><u>2177.87</u></u>
Out of the above :		
(i) 16,50,600 Equity Shares of Rs 10/- each were allotted as fully paid-up Bonus Shares by Capitalisation of Reserves		
(ii) 6,60,000 Equity Shares of Rs 10/- each were allotted as fully paid-up pursuant to a scheme of amalgamation without payment being received in cash.		
(iii) 64860 Equity Shares of Rs.10/- each were allotted as fully paid up to Industrial Development Bank of India (IDBI) at a premium of Rs 40/- per share in consideration of conversion of a part of the loan amount of Rs 32.43 Lakhs		
(iv) 47,80,799 Equity Shares of Rs.10/- each were allotted as fully paid up at a premium of Rs.40/- per share against 23,90,400 detachable warrants.		
<b>SCHEDULE 2</b>		
<b>RESERVES AND SURPLUS</b>		
<b>Capital Reserve :</b>		
On revaluation of certain assets.		
Balance as per last Balance Sheet	970.42	975.99
Less: Transferred to Profit and Loss Account	<u>3.90</u>	<u>5.57</u>
	<u>966.52</u>	970.42
<b>Share Premium :</b>		
Balance as per last Balance Sheet	13015.96 *	13015.96
<b>Debenture Redemption Reserve :</b>		
Balance as per last Balance Sheet	1356.05	1356.05
<b>Investment Allowance (Utilised) Reserve</b>		
Balance as per last Balance Sheet	627.30	627.30
<b>General Reserve</b>		
Balance as per last Balance Sheet	0.00	6126.27
Less: Transferred to Profit & Loss Account	<u>0.00</u>	<u>6126.27</u>
	<u>0.00</u>	<u>0.00</u>
TOTAL	<u><u>15965.83</u></u>	<u><u>15969.73</u></u>
* Share Premium amount shown above is net of Unpaid Premium amounting to Rs 105.75 Lakhs (Previous Year Rs 105.75 lakhs.)		

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

		As at 31.03.2000 (Rs.in Lakhs)	As at 31.03.1999 (Rs.in Lakhs)	
<b>SCHEDULE 3</b>				
<b>A. SECURED LOANS</b>				
Notes				
<b>I. Debentures</b>				
(Refer Note Nos. 5 & 6 in Schedule 12)				
(i)	16% Non-Convertible Debentures	(A) 2489.62		2489.62
	Less: Allotment money in arrears	0.42		0.42
	Less: Redemption/Instalment paid during the year	1071.07		846.47
		<u>1418.13</u>		<u>1642.73</u>
(ii)	18.5% Privately Placed Debentures	(B) 3100.00		3100.00
(iii)	15.5% Privately Placed Debentures	(C) 9950.00		9950.00
(iv)	0' Coupon Debentures	(D) 600.00		0.00
(v)	Interest accrued and due	3706.04	18774.17	1635.03
		<u>3706.04</u>		<u>16327.76</u>
<b>II. From Banks</b>				
	Cash / Packing Credit Accounts	(E) 5636.84		5785.72
	Working Capital Demand Loan	5277.32		3936.28
	Interest accrued and due	0.00	10914.16	6.99
		<u>0.00</u>		<u>9728.99</u>
<b>III. Term Loans</b>				
(i)	Financial Institutions	(F) 7407.20		7731.13
(ii)	Banks	(G) 6571.17		6586.04
(iii)	Hire Purchase Finance	(H) 35.14		42.47
(iv)	Interest accrued and due	1585.00	15598.51	874.18
		<u>1585.00</u>		<u>15233.82</u>
	<b>TOTAL</b>	<u><b>45286.84</b></u>		<u><b>41290.57</b></u>

**Notes:**

- (A) 16% Non-Convertible Debentures of Rs.100/- each are secured by way of a second/subservient mortgage/charge of the present and future movable/immovable properties situated at Aurangabad and Nasik, subject to the mortgages/charges already created/to be created in favour of Financial Institutions/Banks.
- (B) 18.5 % Privately Placed Non Convertible Debentures of Rs 100/- each are secured by mortgage ranking *pari passu* with mortgages/charges created/to be created on company's immovable properties situated at Aurangabad and Nasik in favour of Financial Institutions/Banks.
- (C) 15.5 % Privately Placed Non Convertible Debentures of Rs 100/- each are secured by charge / mortgage ranking *pari passu* with mortgage/charge created/to be created on company's movable/immovable properties situated at Aurangabad, Nasik and New Delhi in favour of Financial Institutions/Banks.
- (D) Zero coupon Debentures of the Company of Rs 100/- each are to be secured by mortgage/charge ranking *pari passu* with mortgage/charge created/to be created on company's movable/immovable properties situated at Aurangabad, Nasik and New Delhi in favour of Financial Institutions/Banks.
- (E) Cash / Packing Credit / Working Capital Demand Loan are secured by Hypothecation of stocks of raw materials, finished goods, semi finished goods, chemicals and book debts of the Company and further secured by a second charge on the movable assets of the Company and immovable properties situated at Aurangabad, Nasik and at New Delhi.
- (F) Term Loans of Rs.9050.87 Lakhs (Previous year Rs.9329.67 Lakhs) from Financial Institutions/Banks are secured/to be secured by:
- 1) A Mortgage ranking *pari passu* with mortgages created/to be created on Company's immovable properties situated at Aurangabad, Nasik and at New Delhi in favour of IDBI, ICICI, Vijaya Bank and EXIM Bank for their Term Loans
  - 2) A Hypothecation charge ranking *pari passu* with charges created/to be created in favour of IDBI, ICICI, Vijaya Bank and EXIM Bank for their Term Loans of all the movables of the Company including movable Plant & Machinery, Spares, Tools and Accessories, present and future (save and except Book Debts) at Nasik & Aurangabad, subject to prior charges created and/or to be created in favour of the Company's bankers on
    - i) Specified movables for securing borrowings for the Company's Working Capital Requirements and deferred payment facility and
    - ii) Specified assets charged to Company's bankers as security for Term Loans.
- (G) Term Loan of Rs 4927.50 Lakhs from a bank is secured by a mortgage on company's immovable property situated at Vile Parle, Mumbai.
- (H) Hire Purchase Finance are secured by hypothecation of specific Assets.

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## SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

	As at 31.03.2000 (Rs.in Lakhs)	As at 31.03.1999 (Rs.in Lakhs)
<b>B. UNSECURED LOANS</b>		
i) Fixed Deposits (including Rs.28.68 lakhs falling due within one year. Previous year Rs.45.40 lakhs)	34.00	78.26
ii) Interest-free Sales Tax Loans, Interest-free Capital Incentive Loans and Sales Tax Deferral from SICOM for Aurangabad and Nasik Units	793.07	867.27
iii) Short Term Loans from Financial Institutions	7.04	140.00
iv) Term Loan from Banks (including Rs. Nil due within one year) (Previous year Rs. Nil lakhs)	375.00	0.00
v) Interest accrued and due	4.48	3.55
TOTAL	<u>1213.59</u>	<u>1089.08</u>

## SCHEDULE 4

## FIXED ASSETS

(Rs. in Lakhs)

Sr. No.	Description Of Assets	GROSS BLOCK			DEPRECIATION		NET BLOCK	
		Cost/ Revaluation As at 01.04.1999	Additions during the year	Sales/ Transfer during the year	Cost/ Revaluation As at 31.03.2000	Up To 31.03.2000	As at 31.03.2000	As at 31.03.1999
1.	Land (Freehold)	1084.65			1084.65		1084.65	1084.65
2.	Land (Leasehold)	93.39		7.83	85.56		85.56	93.39
3.	Buildings	3173.22	123.80	43.55	3253.47	1585.94	1667.53	1766.17
4A.	Plant & Machinery	43745.63	1775.29		45520.92	12034.83	33486.09	34039.13
4B.	Plant & Machinery - Leased	688.37		688.37	0.00	0.00	0.00	270.30
5.	Electrical Installations	2534.24	17.68		2551.92	1194.49	1357.43	1557.81
6.	Moulds	287.83			287.83	287.03	0.80	1.34
7.	Laboratory Equipments	115.20	2.23		117.43	62.99	54.44	60.92
8.	Furniture & Fixtures	308.17	4.25	0.79	311.63	244.07	67.56	78.85
9.	Office Equipments	290.76	11.26	2.75	299.27	182.96	116.31	124.50
10.	Vehicles	395.21	8.60	32.14	371.67	265.90	105.77	139.26
11.	Capital Expenditure On Research & Development	179.46			179.46	112.82	66.64	85.53
12.	Data Processing Equipments	532.71	107.57		640.28	508.69	131.59	71.30
13.	Expenditure on Tech. Know-how/ Product Development Expenses	1037.11	322.86		1359.97	643.17	716.80	607.42
14.	Copyrights	157.46			157.46	157.46	0.00	0.00
	<b>TOTAL</b>	<b>54623.41</b>	<b>2373.54</b>	<b>775.43</b>	<b>56221.52</b>	<b>17280.35</b>	<b>38941.17</b>	<b>39980.57</b>
	Previous Year	53017.17	2056.13	449.89	54623.41	14642.84	39980.57	
	Capital Work-In-Progress						2694.30	3438.52

- NOTES: 1. Buildings include Rs.2.60 lakhs for Research & Development and Rs. 0.07 Lakh being value of 136 shares in Co-operative Housing Societies.
2. Depreciation has been provided as follows :
- on Capital Expenditure, on R & D and on Assets other than Plant & Machinery on Written Down Value Method as per rates prescribed under Schedule XIV of the Companies Act, 1956.
  - on Plant & Machinery acquired before 02.04.1987 on Straight Line Method as per rates prevalent at the time of acquisition of Assets on single shift basis.
  - on Plant & Machinery acquired after 02.04.1987 on Straight Line Method as per rates prescribed under Schedule XIV of the Companies Act, 1956.
  - on Plant & Machinery Leased over its Lease period.
3. No write-off has been made in respect of lease relating to leasehold land.
4. Depreciation includes Technical Know-how fees / Product Development Expenses amortised.

**SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)**

	As at 31.03.2000 (Rs. in Lakhs)		As at 31.03.1999 (Rs. in Lakhs)	
<b>SCHEDULE 5</b>				
<b>INVESTMENTS (AT COST)</b>				
<b>A. In Government Securities (Unquoted):</b>				
(a) 10 years-8.5% Rural Debentures of Maharashtra State Electricity Board of the face value of Rs.0.17 Lakh	0.17		0.17	
(b) 7 years National Savings Certificates of the face value of Rs.0.03 Lakh (Lodged with the Excise Authorities as Security Deposit)	0.03	0.20	0.03	0.20
<b>B. In Shares and Debentures:</b>				
<b>I Quoted</b>				
1. 50 Equity Shares of M.M. Rubber Ltd. of the face value of Rs.10/- each, fully paid-up	0.01		0.01	
2. 1,410 Equity Shares [including 1,255 Bonus Shares] of Colgate Palmolive India Ltd. of the face value of Rs.10/- each, fully paid-up	0.04		0.04	
3. 35 Equity Shares of Caprihans (India) Ltd. of the face (incl. 10 bonus shares) value of Rs.10/- each, fully paid-up	0.00		0.00	
4. 2,80,000 Equity Shares of Garware Marine Industries Ltd, of the face value of Rs.10/- each, fully paid-up	55.00		55.00	
5. 4,00,000 Equity Shares of Garware-Wall Ropes Limited of the face value of Rs.10/- each, fully paid-up	260.00		260.00	
6. Nil (previous year 5,00,000) Units of U T I Equity Opportunity Fund of the face value of Rs.10/- per unit, fully paid-up	0.00		50.00	
7. 58,900 Equity Shares of Bank of India, of the face value Rs.10/- per share, fully paid-up	26.51	341.56	26.51	391.56
<b>II Unquoted</b>				
1. 2,500 Equity Shares of The New India Co-operative Bank Ltd., Mumbai, of the face value of Rs.10/- each, fully paid-up	0.25		0.25	
2. 2,500 Equity Shares of The North Kanara Goud Saraswat Brahmin Co-operative Bank Ltd., Mumbai, of the face value of Rs.10/- each, fully paid-up	0.25		0.25	
3. 500 shares of The Co-operative Stores Ltd. (New Delhi) of the face value of Rs.10/- each, fully paid-up	0.05		0.05	
4. 10,000 Equity Shares of S I C O M Ltd., of the face value of Rs.10/- each, fully paid-up	8.00		8.00	
5. 4,000 Equity Shares (Previous year 2833 ) of Deogiri Nagari Sahakari Bank Ltd., of the face value of Rs 25/- each, fully paid-up	1.00		0.71	
6. 1,000 Equity Shares (Previous year nil ) of Poornawadi Co-op. Bank Ltd of the face value of Rs 100/- each fully paid.	1.00		0.00	
7. 4,000 Equity Shares (Previous year nil ) of Vaidyanath Co-op. Bank Ltd of the face value of Rs 25/- each fully paid.	1.00	11.55	0.00	9.26
<b>III In Subsidiary Companies (Unquoted)</b>				
1. 2,50,000 Ordinary Shares of Garware Polyester International Limited, London, of the face value of Pound 1/- each, fully paid-up	133.57		133.57	
2. 1,40,75,820 Equity Shares of Garware Chemicals Ltd., of the face value of Rs.10/- each, fully paid-up including four equity shares held by nominees.	4222.70	4356.27	4222.70	4356.27
<b>TOTAL</b>		<b>4709.58</b>		<b>4757.29</b>
	<b>Cost</b>	<b>Market value</b>	<b>Cost</b>	<b>Market value</b>
NOTE : Aggregate amount of Company's investments (Refer Note No. 16 in Sch. 12)	Quoted 341.56	93.25	391.56	143.33
	Unquoted 4368.02		4365.73	
<b>TOTAL</b>	<b>4709.58</b>		<b>4757.29</b>	

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## SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)

	As at 31.03.2000 (Rs. in Lakhs)		As at 31.03.1999 (Rs. in Lakhs)	
<b>SCHEDULE 6</b>				
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>				
<b>A) CURRENT ASSETS:</b>				
<b>I. Inventories :</b>				
(As taken, valued & certified by the Management)				
a) Stores, Spare parts & Packing materials (At Cost)	2842.26		2438.09	
b) Stock-in-trade				
(i) Raw Materials (At cost)	685.67		731.03	
(ii) Finished goods (At cost or market value whichever is lower)	1295.83		938.17	
(iii) Semi-finished goods (At cost )	1668.75	6492.51	1872.64	5979.93
<b>II. Sundry Debtors :</b>				
(Unsecured, considered good, unless otherwise stated excluding Bills Receivable discounted)				
(a) Debts outstanding for a period exceeding six months				
(i) Considered Good	512.33		267.20	
(ii) Considered Doubtful	147.87		209.43	
	660.20		476.63	
Less : Provision for Doubtful Debts	147.87		209.43	
	512.33		267.20	
(b) Other Debts (Refer Note No.4 in Schedule 12)	2598.70	3111.03	2478.44	2745.64
<b>III. Cash and Bank Balances :</b>				
(a) Cash on hand	50.01		50.75	
(b) Bank balances :				
(i) With Scheduled Banks:				
In Current Accounts	458.82		364.57	
In Fixed Deposit Accounts	3.38		3.62	
In Margin Account	60.93		21.16	
(ii) With Non-Scheduled Bank:				
In Post Office (Maximum balance due at any time during the year Rs. 6.47 Lakhs Previous year Rs.6.47 Lakhs )	6.47	579.61	6.47	446.57
<b>IV. Other Current Assets:</b>				
Other receivable				
(i) Insurance claims	9.60		0.00	
(ii) Others	2472.71	2482.31	2462.13	2462.13
<b>B) LOANS &amp; ADVANCES:</b>				
(Unsecured, considered good, unless otherwise stated)				
(a) Advances recoverable in cash or in kind or for value to be received*	644.83		1011.65	
(b) Promoter's Contribution in Subsidiary Company viz., Garware Chemicals Ltd.	4945.58		4560.36	
(c) Advance against Capital Expenditure	76.61		133.17	
(d) Deposits with Customs and Excise authorities	125.02		161.61	
(e) Deposits with others	364.08		383.38	
(f) Advance Payment of Income Tax, and tax deducted at source	55.25	6211.37	51.36	6301.53
<b>TOTAL</b>		<b>18876.83</b>		<b>17935.80</b>

\* Including Rs. 61.47 Lakhs (previous year Rs. 6.93 Lakhs) due from a Company in which some of the Directors are interested

**SCHEDULES FORMING PART OF THE BALANCE SHEET (Contd.)**

	As at 31.03.2000 (Rs. in Lakhs)		As at 31.03.1999 (Rs. in Lakhs)	
<b>SCHEDULE 7</b>				
<b>CURRENT LIABILITIES AND PROVISIONS</b>				
<b>A. Current Liabilities :</b>				
i) Sundry Creditors (Refer Note No.22 (a) & (b) in Schedule 12)	3456.83		2636.56	
ii) Other Liabilities (Including Rs. 1.28 Lakhs due to Directors)	1161.34		939.26	
iii) Deposits and advances from customers & others	127.24		131.26	
iv) Unclaimed Dividends	14.10		14.10	
v) Share and Debenture Application Money Refundable	6.98		6.98	
vi) Interest accrued but not due on loans	362.12		86.18	
vii) Debenture Redemption Money payable	13.46		19.77	
viii) Advance against Export	5613.70		5729.85	
ix) Insurance claim received 'on account' (Refer Note No. 13 in Schedule 12)	0.00	10755.77	250.00	9813.96
<b>TOTAL</b>		<b>10755.77</b>		<b>9813.96</b>

**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT**

	1999-2000 (12 Months) (Rs. in Lakhs)		1998-1999 (15 Months) (Rs. in Lakhs)	
<b>SCHEDULE 8</b>				
<b>OTHER INCOME</b>				
Received from LIC towards Keyman Insurance Premium	0.00		333.62	
Insurance claims	23.08		12.92	
Income from Investments (Gross)	8.81		8.58	
Interest on short term deposits with banks and others (Gross) (Tax deducted at source Rs. 0.74 Lakh, Previous period Rs. 1.85 Lakhs)	9.69		13.37	
Miscellaneous income	80.49		61.48	
Lease Rent	135.12		168.97	
Profit on sale of fixed assets (Net)	15.80		19.33	
Profit on sale of investments	5.00		0.00	
Sale of import entitlement	0.00		6.40	
Excise refund	0.73		1.04	
Sundry balances written back (Net)	21.90		4.96	
Rent (Tax deducted at source Rs. 0.39 Lakh, Previous period Rs. 4.20 Lakhs)	3.06		20.25	
<b>TOTAL</b>		<b>303.68</b>		<b>650.92</b>

**SCHEDULE 9**
**INCREASE/(DECREASE) IN FINISHED AND SEMI-FINISHED GOODS**

<b>Opening Stock:</b>				
Finished goods	938.17		1798.82	
Semi-finished goods	1872.64	2810.81	3052.50	4851.32
<b>Closing Stock:</b>				
Finished goods	1295.83		938.17	
Semi-finished goods	1668.75	2964.58	1872.64	2810.81
Increase / (Decrease)		153.77		(2040.51)

**SCHEDULE 10**
**RAW MATERIALS CONSUMED**

(Refer Note No. 23(D)(iv) in Schedule No. 12)

Opening Stock	731.03		911.77	
Add: Purchases and Expenses	10986.04	11717.07	10084.05	10995.82
Less: Closing Stock		685.67		731.03
<b>TOTAL</b>		<b>11031.40</b>		<b>10264.79</b>

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## SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE 11	1999-2000 (12 Months) (Rs. in Lakhs)		1998-99 (15 Months) (Rs. in Lakhs)	
<b>MANUFACTURING AND OTHER EXPENSES</b>				
<b>A. Manufacturing Expenses:</b>				
Stores, Spares and Packing Materials consumed (Net)	1976.15		2211.60	
Power and Fuel	3542.44		3555.81	
Water Charges	61.55		66.65	
Processing Charges	149.69	5729.83	38.75	5872.81
<b>B. Employees' Remuneration &amp; Benefits:</b>				
Salaries, Wages and Bonus	1088.17		1419.19	
Contribution to Provident and other funds	167.08		234.86	
Staff Welfare Expenses	185.60	1440.85	218.87	1872.92
<b>C. Administrative, Selling and General Expenses:</b>				
Rent, Hire charges and Compensation (Net)	59.98		69.15	
Rates, Taxes and Licence Fees	81.59		48.31	
Insurance (Net)	277.49		350.72	
Freight and Forwarding (Net)	1464.29		1627.09	
Research and Development Expenses	14.07		16.94	
Repairs and Maintenance of:				
i) Plant and Machinery	137.37		149.54	
ii) Buildings	39.33		45.72	
iii) Other Assets	530.94	707.64	581.46	776.72
Advertisement Expenses	24.34		11.64	
Additional Sales Tax / Turnover Tax	0.54		0.11	
Travelling and Conveyance	342.66		429.20	
Postage, Telegrams & Telephones	201.59		260.64	
Lease Rentals	5.98		34.77	
Bank Charges	423.37		421.51	
Commission on Sales	384.14		292.22	
Donations	2.72		0.23	
Auditors' Remuneration				
(a) Audit fees	2.20		2.00	
(b) Tax Audit fees	1.31		0.79	
(c) As advisors for Taxation matters	1.04		2.58	
(d) For Certification	0.33		0.40	
(e) Reimbursement of out-of-pocket expenses	0.07	4.95	0.13	5.90
Sundry balances written off (Net)	3.92		0.00	
Irrecoverable insurance claim written off	0.00		125.20	
Loss on termination of Lease Agreement	27.35		0.00	
Loss on Exchange rate fluctuation	289.29		1145.51	
Other financial charges	77.62		600.97	
Misc. Expenses (Refer Note No.10 in Schedule12)	774.84		701.11	
Provision for Doubtful Debts	15.70	5184.07	151.64	7069.58
<b>D. Managerial Remuneration:</b>				
(a) To Managing Director :				
(i) Salary	9.81		12.26	
(ii) Contribution to Provident fund, Superannuation and Gratuity Scheme	2.83		3.53	
(iii) Other Perquisites	0.69	13.33	0.87	16.66
(b) To Whole-time Directors :				
(i) Salary	12.00		15.00	
(ii) Contribution to Provident fund, Superannuation and Gratuity Scheme	3.46		2.10	
(iii) Other Perquisites	1.22	16.68	0.87	17.97
(c) Directors' sitting fees	1.22	31.23	1.30	35.93
<b>TOTAL</b>		<b>12385.98</b>		<b>14851.24</b>

**NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS**
**SCHEDULE 12**

1. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.175.52 Lakhs (Previous Year Rs.268.49 Lakhs) against which an advance of Rs.76.61 Lakhs (Previous Year Rs.133.17 Lakhs) has been paid.
2. The Company has given counter-guarantees for Rs.9542.25 Lakhs (Previous Year Rs.9502.98 Lakhs) to Banks in respect of guarantees given by the Banks to third parties for purchase of equipments, supply of goods, clearance of goods from Customs, Excise Bonds, etc.
3. Letters of Credit opened on behalf of the Company by Banks for purchase of materials and equipments amount to Rs.2689.59 Lakhs (Previous Year Rs.2955.72 Lakhs).
4. Bills of Exchange discounted amount to Rs.1656.95 Lakhs (Previous Year Rs.2718.97 Lakhs).
5. (A) 24,89,622 - 16% Secured Redeemable Non-Convertible Debentures of Rs.100/- each for cash at par with Detachable Warrants are redeemable at par in three annual instalments in April 1998, April 1999 and April 2000 respectively. Out of this, Company has redeemed the first instalment of Rs.34/- due on 4th April, 1998 and also redeemed the second instalment of Rs.33/- on 4th April, 1999 except Debentures held by Financial Institutions.  
(B) 21,00,000 - 18.5% Secured Redeemable Non Convertible Debentures of Rs.100/- each for cash at par issued to the Financial Institutions on Private Placement basis are redeemable at par in three equal annual instalments in July 2001, July 2002 and July 2003.  
(C) 10,00,000 - 18.5% Secured Redeemable Non Convertible Debentures of Rs.100/- each for cash at par issued to a Bank on Private Placement basis are redeemable at par in June 2000.  
(D) 99,50,000 - 15.5% Secured Redeemable Non Convertible Debenture of Rs.100/- each for cash at par issued to a Financial Institution on Private Placement Basis are redeemable at par in eight half yearly instalments commencing from July 2002.  
(E) 60,000 - Secured Redeemable Non Convertible 0' Coupon Debentures of Rs.100/- each for cash at par issued to a Financial Institution on Private Placement basis, shall be redeemed in three tranches of Rs.30/-, Rs.30/- and Rs.40/- with a premium of Rs.70/-, Rs.70/- and Rs.75.54 per debenture at the end of the 72nd, 84th and 96th months respectively from the date of subscription (29/06/1999).
6. As per the Debenture Trust Deeds executed by and between the Company and the Debenture Trustees, the Company is required to create Debenture Redemption Reserve aggregating to Rs.4546.97 Lakhs including Rs.2400.28 Lakhs of Previous Year. However, no reserve has been created in view of loss incurred during the year.
7. Claims against the Company not acknowledged as debts Rs.7.80 Lakhs (Previous Year Rs.7.80 Lakhs).
8. No provision has been made for reversal of MODVAT claim of Rs.54.85 Lakhs made in December 1997 as the matter is in dispute and is pending before the Excise Authorities.
9. No provision has been made for Sales Tax claim for Rs.9.61 Lakhs for the year 1991-92 and 1992-93 as the matter is in dispute and pending before the Allahabad High Court against which stay-order has been obtained. The company is legally advised that the claim on the above matter may not be payable.
10. Miscellaneous Expenses include Rs.1.55 Lakhs (Previous period Rs.3.62 Lakhs) paid to some of the Partners of the Auditors for other services.
11. The Company has given corporate guarantees on behalf of its subsidiary company Garware Chemicals Ltd. for repayment of term loans, interest and other charges thereon to:-  
(A) I.D.B.I. for Rs.7800.00 Lakhs  
(B) The Fuji Bank Limited for Rs.2209.01 Lakhs (being 70% of the total loan amount of Rs.3155.73 Lakhs).
12. Break up of Interest on Borrowings is as under :

	<b>1999-2000</b> <b>(12 months)</b> <b>(Rs. in Lakhs)</b>	<b>1998-99</b> <b>(15 months)</b> <b>(Rs. in Lakhs)</b>
On Secured Loans	<b>2232.23</b>	3778.93
On Debentures	<b>2341.32</b>	2358.28
On Fixed Deposits	<b>9.31</b>	6.75
Others	<b>2338.34</b>	1639.70
	<b>6921.20</b>	<b>7783.66</b>



## ANNUAL REPORT 1999-2000

## NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

## SCHEDULE 12 (Contd.)

13. The Company has received Rs.668.82 Lakhs (including Rs. 250 Lakhs in the previous year) towards insurance claim lodged with the Insurance Company for fire in the Chips Plant at Waluj on 22nd March, 1998. The necessary adjustments to the fixed assets and inventory has been done by reducing the replacement cost and inventory.
14. Export Benefits / Incentives are accounted on accrual basis. Accordingly, estimated benefit under DEPB scheme aggregating to Rs.1969.04 Lakhs (Previous Year Rs.1437.99 Lakhs) against export effected during the year has been credited to cash assistance account.
15. Expenses relating to previous year and included in the above accounts amounting to Rs.2.16 Lakhs. (Previous period Rs.3.51 Lakhs).
16. The Company has not provided for the diminution in the market value of certain investments aggregating to Rs.248.31 Lakhs (Previous Year Rs.248.23 Lakhs), since in the opinion of the management these are long term strategic investments and the diminution in their market value is temporary in nature and does not represent any permanent decline in its intrinsic value.
17. Computation of net profit as per section 349 read with section 309(5) and section 198 of the Companies Act, 1956 has not been given as commission by way of percentage of net profit is not payable for the year to the Managing Director and the Whole-time-Directors due to loss incurred during the year.
18. Inter divisional transfers of goods for internal use as captive consumption are shown as contra items in the Profit and Loss Account to reflect the true economic value of the production inter-se the divisions. This accounting treatment has no impact on the loss for the year.
19. The Company has during the year valued inventories of basic Raw materials at weighted average cost so as to conform to the revised accounting standard on valuation of inventories (AS 2) issued by the Institute of Chartered Accountants of India which became effective from 1st April, 1999. However, consequent to this, there is no material impact on the loss for the year.
20. The Company has successfully achieved Y2K transition. All the software and hardware are Y2K compliant and continue to be fully functional.
21. The Company was hitherto accounting Excise Duty on Finished goods and Custom Duty on imported materials at the time of clearance of such goods from factory/bonded warehouse. During the year, the Company has provided for Excise Duty payable on finished goods aggregating to Rs. 166.63 Lakhs and Custom Duty aggregating to Rs. 202.47 Lakhs in respect of materials lying in the factory/bonded warehouse. The same has been considered in the valuation of inventory. This change in the method of accounting had no impact on the loss for the year.
22. (a) Sundry Creditors in Schedule 7 to the accounts include Rs.396.88 Lakhs (Previous Year Rs.184.93 Lakhs) due to small scale industrial undertakings and Rs.3059.95 Lakhs (Previous Year Rs.2451.63 Lakhs) due to other creditors. The same is disclosed on the basis of information available with the Company regarding the status of suppliers as detailed under clause (i) of Section 3 of the Industries (Development and Regulation) Act, 1951.
- The names of the small scale industrial undertakings to whom the Company owes a sum of Rs. 1 Lakh or more and which is outstanding for more than 30 days are as under :
- |                                  |                                      |
|----------------------------------|--------------------------------------|
| M/s.A.K. Packaging Industries    | M/s.Patidar Wooden Works             |
| M/s.Able Moulders                | M/s.P.C. Wood Industries             |
| M/s.Aurangabad Plastics P. Ltd.  | M/s.Rahul Indf. Engineering          |
| M/s.Asian Packaging              | M/s.R.D. Engineering                 |
| M/s.Abhishek Engineering Work    | M/s.Smithshilp Plastic Inds.         |
| M/s.Alankar Engineering Co.      | M/s.Suresh Polymers P. Ltd.          |
| M/s.Anand Packing                | M/s.S.S. Suppliers                   |
| M/s.Aishree Associates P. Ltd.   | M/s.Sapna Packaging                  |
| M/s.Boxkraft Packagers P. Ltd.   | M/s.Shrikrishna Vijay Saw            |
| M/s.Carefine Wood Works (P) Ltd. | M/s.Shree Bhagwan Tubes & Containers |
| M/s.Dear Auto Comps Pvt. Ltd.    | M/s.Sudershan Plywoods               |
| M/s.Disha Industries             | M/s.Shri Ram Art Printers P. Ltd.    |
| M/s.Devi Engineering             | M/s.Saras Plastics P. Ltd.           |
| M/s.G.B. Enterprises             | M/s.Shri Shubhada Industries         |
| M/s.GMP Systech Engg. P. Ltd.    | M/s.Vijay Enterprises                |
| M/s.Jain Plastics                | M/s.Vimal Sales Corporation          |
| M/s.Maharashtra Saw Mill         | M/s.Deepakmal Printing & Pkg. P. Ltd |
| M/s.Mansi Paper Products P. Ltd. | M/s.Infinity Engineering             |
| M/s.Maxwell Industries           | M/s.Kvin Enterprises                 |

**NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS**
**SCHEDULE 12 (Contd.)**

 M/s. Mittal Traders  
 M/s. Marathwada Packaging P. Ltd.  
 M/s. Novel Packaging Industries  
 M/s. Nikhil Enterprises

 M/s. National Traders  
 M/s. Pawar Udyog  
 M/s. Vaishakh Engg. Works

- (b) No provision of interest, if any, payable on overdue amounts as at 31.03.2000 to small scale and/or Ancillary Industrial Suppliers has been made as the amount is not determinable.

23. Additional information pursuant to the provisions of paragraphs 3 and 4C of part II of Schedule VI of the Companies Act, 1956.

**(A) Licensed & Installed Capacities**

Product	1999-2000		1998-99	
	Licensed/ Registered (T.P.A.)	Installed capacity (T.P.A.)	Licensed/ Registered (T.P.A.)	Installed capacity (T.P.A.)
i) Polyester Film	80000	41000	80000	41000
ii) Metallised Film	2210	2210	2210	2210
iii) Polyester Chips	50400	50400	50400	50400

Note: Installed Capacities and Licensed Capacities are as per the certificate given by the Director - Technical on which Auditors have relied.

**(B) Details of Sales:**

Class of Goods	1999-2000 (12 Months)		1998-99 (15 Months)	
	Qty. (M.T.)	Value (Rs. in Lakhs)	Qty. (M.T.)	Value (Rs. in Lakhs)
Polyester Films (Plain/Lacquered/OHP Laminated/Stabilised/ Coloured and Metallised)	23533*	30207	27637*	30559
Others (including chips)		170		190

\* Includes internal transfers & free samples

**(C) Actual Prodn. and Stocks**

Class of Goods	1999-2000 (12 Months)				1998-99 (15 Months)		
	Unit	Opening Stock	Prodn.	Cl. Stock	Op. Stock	Prodn.	Closing Stock
i) Polyester Films (Plain/Lacquered/ Laminated/Stabilised/ Coloured & Metallised)	MT	991	23395	853.28	1611	27017	991
		938.17		1265.49	1798.82		938.17
ii) Chips (excluding conversion)	N.A.	Produced for captive use in the manufacture of films			N.A.	Produced for captive use in the manufacture of films	
iii) Others (Rs. in Lakhs)		Nil		30.34	Nil		Nil

## ANNUAL REPORT 1999-2000

## NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

## SCHEDULE 12 (Contd.)

## (D) Consumption of Raw Materials

Particulars	1999-2000 (12 Months)		1998-99 (15 Months)	
	Quantity M.T.	Value* Rs. in Lakhs	Quantity M.T.	Value* Rs. in Lakhs
i) DMT	5053	1257.49	1560	295.01
ii) PTA	16008	4242.10	20211	4695.80
iii) MEG	8246	2482.51	9184	2257.13
iv) Others (includes bought out items Rs. 0.36 Lakhs) (Previous period - Rs. 0.94 Lakhs)	-	3049.30	-	3016.85
Total		<u>11031.40</u>		<u>10264.79</u>

\* After adjusting sale of Raw Material amounting to Rs. 15.83 Lakhs (Previous period Rs. 346.17 Lakhs) and Octroi Duty Refund of Rs. 249.09 Lakhs (Previous period Rs. 265.59 Lakhs).

## (E) Details of Imports on CIF basis

	1999-2000 (12 Months) (Rs. in Lakhs)	1998-99 (15 Months) (Rs. in Lakhs)
Raw Materials	1316.66	1295.23
Packing Materials	59.77	69.49
Components & Spares	426.93	236.88
Capital Goods	909.59	237.81
Others	2.54	-

## (F) Details of Imported and Indigenous Raw Materials and Spare parts consumed and percentage of each to the total:

Particulars	1999-2000 (12 Months)		1998-99 (15 Months)	
	(Rs. in Lakhs)	% of Total	(Rs. in Lakhs)	% of Total
i) Raw Materials:				
Imported	1565.65	14	1804.06	18
Indigenous	9465.75	86	8460.73	82
TOTAL	<u>11031.40</u>	<u>100</u>	<u>10264.79</u>	<u>100</u>
ii) Stores & Spares:				
Imported	262.94	34	396.49	49
Indigenous	507.55	66	419.76	51
TOTAL	<u>770.49</u>	<u>100</u>	<u>816.25</u>	<u>100</u>

## (G) Remittances/Expenditure in Foreign Currency:

	1999-2000 (12 Months) (Rs. in Lakhs)	1998-99 (15 Months) (Rs. in Lakhs)
i) Repayment of Loan	246.96	874.96
ii) Commission	263.90	282.31
iii) Travelling Expenses	94.17	127.17
iv) Books, Periodicals & Subscription	2.96	0.98
v) Technical/Engineering Service	129.92	14.57
vi) Interest	570.62	483.34
vii) Others	6.20	28.08

## (H) Earnings in Foreign Exchange:

Exports (FOB Basis)	10454.02	13236.96
---------------------	----------	----------

24. Previous period's figures have been rearranged and regrouped wherever necessary to conform to the classification adopted for the current year. Figures of the previous accounting period were of 15 months, hence not comparable with the figures of the current year.

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I. Registration Details**

Registration No.	10889	State Code	11
Balance Sheet Date	31.03.2000		

**II. Capital raised during the year (Amount in Rs. Thousand)**

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

**III. Position of Mobilisation and Deployment of Funds (Amount in Thousand)**

Total Liabilities	6464413	Total Assets	6464413
Sources of Funds			
Paid-up Capital	217787	Reserved & Surplus	1596583
Secured Loans	4528684	Unsecured Loan	121359

**Application of Funds**

Net Fixed Assets	4163547	Investments	470958
Net Current Assets	812106	Misc. Expenditure	-
Accumulated Losses	1017802		

**IV. Performance of Company (Amount in Thousand)**

Turnover	4817504	Total Expenditure	5411907
Loss before tax	594403	Loss after tax	594899

+	-
	✓

+	-
	✓

(Please tick Appropriate box "+" for Profit "-" for Loss)

Earning per share	-	Dividend rate %	-
-------------------	---	-----------------	---

**V. Generic Names of Three Principal Products/Services of Company (as per monetary term)**

Item Code No.	39206909	39206903	39206904
Product Description	POLYESTER FILM	PACKAGING POLYESTER FILM	SUN CONTROL FILM

## ANNUAL REPORT 1999-2000

**SIGNIFICANT ACCOUNTING POLICIES**

1. **Basis of presentation**  
The financial statements are prepared under the historical cost convention modified by revaluation of fixed assets and in accordance with applicable Accounting Standards and relevant presentation requirements of the Companies Act, 1956. For recognition of income and expenses, Mercantile System of Accounting is followed.
2. **Fixed Assets**  
Fixed Assets are stated at cost or Revaluation net of accumulated depreciation. Cost comprises of the purchase price and any directly attributable costs of bringing the assets to working condition for its intended use including interest and other incidental expenses upto the date of commercial production. When fixed assets are revalued, surplus on revaluation is credited to Capital Reserve Account.
3. **Depreciation / Amortisation**  
Depreciation / Amortisation is provided as follows :
  - on Technical Know-how/Product Development Expenses @ 1/6th per annum
  - on Copyright Expenditure @ 1/5th per annum
  - on Capital Expenditure on R&D and Assets other than Plant & Machinery on Written Down Value Method as per rates prescribed under Schedule XIV of the Companies Act, 1956.
  - On Plant and Machinery acquired before 02.04.1987 on Straight Line Method as per rates prevalent at the time of acquisition of the Asset on single shift basis.
  - on Plant and Machinery acquired after 02.04.1987 on Straight Line Method as per rates prescribed under Schedule XIV of the Companies Act, 1956, vide Notification GSR No.756(E) dated 16.12.1993.
  - on Plant and Machinery given on lease the depreciation provided on the basis of lease period.
  - No write-off is being made in respect of leasehold land.
4. **Investments**  
Investments are considered as long term investments and are accordingly stated at cost of acquisition. Market value of Quoted Investments at the date of the Balance Sheet is disclosed. Adjustment for increase / decrease in the value of investment, if any, is accounted for on realisation of the investment.
5. **Inventories**  
Raw materials, stores, spares and packing materials are valued at weighted average cost. Finished goods are valued at lower of cost or market value. Semi-finished goods including those held for captive consumption are valued at factory cost (including depreciation but excluding interest).
6. **Foreign Currency Transactions**
  - During the year, foreign currency transactions relating to purchases and sales of goods and services are translated at the rate prevailing at the time of settlement of the transactions.
  - Amounts remaining unsettled on these transactions at the Balance Sheet date are translated at the contracted rates (where applicable) or at the exchange rates prevailing at the end of the Accounting Year. The net loss/gain, arising from such transaction, is charged to the relevant revenue heads in the Profit & Loss Account.
  - Foreign Currency loans for financing fixed assets outstanding at the close of the financial year are recognised at the contracted and/or appropriate exchange rates at the close of the year. The gain or loss due to decrease/increase in rupee liability due to fluctuations in rates of exchange is adjusted to the cost of assets acquired through these loans.
  - Investments in shares of foreign subsidiary company are expressed in Indian Currency at the rate of exchange prevailing at the time when the original investments were made.
7. **Inter-divisional Transfers**  
Inter-divisional transfers of goods for internal use as captive consumption are shown as contra items in the Profit & Loss Account to reflect the true economic value of the production inter-se the divisions. This accounting treatment has no impact on the loss of the Company.
8. **Excise Duty**  
Excise duty on finished goods and custom duty on imported materials has been accounted on the basis of payments made in respect of goods cleared as also provision made for goods lying in Bonded Warehouse.
9. **Retirement Benefits**  
Liability towards Superannuation and Gratuity are covered by appropriate schemes with Life Insurance Corporation of India.
10. **Lease Rentals**  
Lease Rentals are accounted on accrual basis over the Lease Term as per the relevant Lease Agreements in conformity with the Guidance Notes issued by the Research Committee of the Institute of Chartered Accountants of India.
11. **Contingent Liabilities**  
No provision is made for liabilities which are contingent in nature but if material, the same are disclosed by way of notes to the accounts.
12. **Research and Development**  
Revenue expenditure on Research and Development is charged out in the year in which it is incurred. Expenditure which results in creation of assets is included in Fixed Assets and depreciation is provided on such assets as applicable.

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2000**

		Year ended 31.03.2000 ( 12 Months) (Rs. in Lakhs)	Period ended 31.03.1999 (15 Months) (Rs. in Lakhs)
<b>A. Cash flow from operating activities:</b>			
Net Loss before tax and extraordinary item	A	(5944.03)	(10493.51)
Add: Depreciation		3207.63	3958.75
Interest expenses - gross		6921.20	7783.66
sub total	B	10128.83	11742.41
sub total A + B	C	4184.80	1248.90
Less: Interest income		9.69	13.37
Profit on sale of fixed assets		15.80	19.33
Profit on sale of investment		5.00	0.00
Dividend received/Income from Investment		8.81	8.58
Sundry balances Written Back ( Net )		21.90	4.96
Lease Rent		135.12	168.97
Rent		3.06	20.25
Insurance premium received - keyman		0.00	333.62
sub total		199.38	569.08
<b>Operating profit before working capital changes</b>		<b>3985.42</b>	<b>679.82</b>
Adjustments for:			
(Increase)/Decrease in trade / other receivable (Net)		(343.49)	(2042.90)
(Increase)/Decrease in inventories		(512.58)	2802.58
Increase/(Decrease) in trade/other payables		735.85	369.86
<b>Cash generated from operations</b>		<b>3865.20</b>	<b>1809.36</b>
Interest paid		(3870.42)	(8499.19)
Direct taxes refund/(paid) (Net )		(8.85)	62.62
<b>Net cash inflow/(outflow) from operations</b>		<b>(14.07)</b>	<b>(6627.21)</b>
<b>B. Cash flow from investing activities</b>			
Purchase of fixed assets		(1472.93)	(2154.07)
Sale of fixed assets		64.71	239.95
Purchase/sale of investments ( Net )		52.71	(0.71)
Increase/(Decrease) in Capital Payables		0.00	(267.94)
Increase/(Decrease) in insurance claims on capital account		0.00	50.88
Interest received		9.69	13.37
Dividend received/Income from Investment		8.81	8.58
Lease rent		135.12	168.97
Insurance premium received - keyman		0.00	333.62
Rent		3.06	20.25
<b>Net cash inflow/(outflow) from investing activities</b>		<b>(1198.83)</b>	<b>(1587.10)</b>

## ANNUAL REPORT 1999-2000

## CASH FLOW STATEMENT (Contd...)

	Year ended 31.03.2000 ( 12 Months) (Rs. in Lakhs)	Period ended 31.03.1999 (15 Months) (Rs. in Lakhs)
<b>C. Cash flow from financing activities</b>		
Proceeds from issue of share capital including premium	0.00	0.00
Proceeds from long-term borrowings	0.00	9851.78
Repayment of borrowings - secured	29.27	0.00
Proceeds/(repayments) of borrowings - unsecured	124.51	(2518.25)
Dividends Paid	0.00	(1.71)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>153.78</b>	<b>7331.82</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(1059.12)</b>	<b>(882.49)</b>
<b>Cash and cash equivalents as at opening</b>		
Cash and bank balances	446.57	502.29
Cash credit accounts	(9722.00)	(8895.23)
Total I	(9275.43)	(8392.94)
<b>Cash and cash equivalents as at closing</b>		
Cash and bank balances	579.61	446.57
Cash credit account	(10914.16)	(9722.00)
Total II	(10334.55)	(9275.43)
Total II- I	(1059.12)	(882.49)

For and on behalf of the Board of Directors

S. B. GARWARE  
Chairman &  
Managing Director

A. B. BHALERAO  
Director - Technical

B. D. DOSHI  
Vice President &  
Company Secretary

Mumbai, 28th August, 2000

## AUDITORS' REPORT

We have examined the above Cash Flow Statement of Garware Polyester Limited for the year ended 31st March, 2000. The statement has been prepared by the Company in accordance with the requirements of clause 32 of the Listing Agreement with the Stock Exchange and is based on and in agreement with the corresponding Profit and Loss account and Balance Sheet of the company covered by our report of even date to the Members of the Company.

Mumbai  
Date : 28th August, 2000

For SHAH & CO.  
Chartered Accountants  
INDULAL H. SHAH  
Partner

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956,  
RELATING TO SUBSIDIARY COMPANIES**

A)	Name of the Subsidiary Companies	Garware Chemicals Limited	Garware Polyester International Limited	Global Pet Films Inc.
B)	Financial Year of the Subsidiary Companies ended on:	30th September, 1999	31st December, 1999	31st December, 1999
C)	Shares of the Subsidiary held by Garware Polyester Limited, on the above dates:			
	(a) Number and Face Value	1,40,75,820 Equity Shares of Rs. 10/- each	2,50,000 Equity Shares of Pound 1 each	NIL
	(b) Extent of holding	82%	100%	
D)	The net aggregate of Losses of the Subsidiary Companies so far as it concerns the members of Garware Polyester Limited			
	(a) not dealt with in the accounts of Garware Polyester Limited, for the year ended 31.03.2000 amounted to:-			
	(i) for the Subsidiaries' Financial Year ended on the respective dates	N.A.	Pound 9964	N.A.
	(ii) for the previous Financial Years of the Subsidiaries since they became the Holding Company's Subsidiaries	N.A.	N.A.	N.A.
	(b) dealt with in the accounts of Garware Polyester Ltd., for the year ended 31.03.2000 amounted to:-			
	(i) for the Subsidiaries' Financial Year ended on the respective dates.	N.A.	N.A.	N.A.
	(ii) for the previous Financial Years of the Subsidiaries since they became the Holding Company's Subsidiaries.	N.A.	N.A.	N.A.
E)	Changes in the interest of Garware Polyester Ltd. between the end of the Subsidiaries' Financial Year and 31.03.2000.	NIL	NIL	NIL
F)	Material changes between the end of the Subsidiary's Financial Year and 31.03.2000.	NIL	NIL	NIL
	(1) Fixed Assets			
	(2) Investments			
	(3) Monies lent by the Subsidiary			
	(4) Monies borrowed by the Subsidiary Company other than for meeting Current Liabilities.			

For and on behalf of the Board of Directors

S. B. GARWARE  
Chairman &  
Managing Director

A. B. BHALERAO  
Director - Technical

B. D. DOSHI  
Vice President &  
Company Secretary

Mumbai, 28th August, 2000



GARWARE CHEMICALS LIMITED

**DIRECTORS' REPORT FOR THE YEAR ENDED SEPTEMBER 30, 1999****TO THE MEMBERS,**

Your Directors present the Fourth Annual Report together with the Audited Statement of Accounts of the Company for the year ended 30th September, 1999.

**STATUS OF DMT PROJECT**

Your Directors are pleased to inform you that your Company's project for the manufacture of Di-Methyl Terephthalate (DMT) has undergone successful trial run in December, 1999. This has been possible due to the timely help extended by Industrial Development Bank of India (IDBI) by providing additional Term Loan.

Your Directors are happy to inform you that while DMT prices are stabilising, prices of paraxylene, basic raw material required for manufacturing DMT are falling. Therefore, your Directors expect that your Company would post a satisfactory performance.

During the year under review, since the Company has not commenced any commercial operations, your Directors do not recommend any payment of Dividend.

**DIRECTORS**

IDBI nominated Mr. M. G. Bakre, Chief General Manager as their nominee on the Board of Directors, with effect from 6th October, 1999 in place of Mr. C. P. Philip. Further, Mr. S. H. Junnarkar and Mr. A. B. Bhalerao resigned from the Board with effect from 1st February, 1999 and 30th June, 1999 respectively. The Board places on record its appreciation of the valuable advice given by Mr. C. P. Philip, Mr. S. H. Junnarkar and Mr. A. B. Bhalerao

during their tenure as Directors. Mr. Bana Paranjape and Mr. S. Y. Nanal were appointed as Directors of the Company in the casual vacancy caused by the resignation of Mr. S. H. Junnarkar and Mr. A. B. Bhalerao with effect from 28th February, 2000.

Mr. Bana Paranjape, Miss Sonia S. Garware and Mr. R. P. Makhija retire by rotation and being eligible offer themselves for reappointment.

**AUDITORS**

M/s. Indulal Shah & Company, the Statutory Auditors of the Company, hold office till the conclusion of the ensuing Annual General Meeting. They are eligible for reappointment and have indicated their willingness to act as Auditors, if appointed.

**OTHER INFORMATION**

Since the Company has not commenced manufacturing activities, the information under Section 217 (1)(e), read with Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988, is not required to be given. Information as per Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 is given in the Annexure and forms part of this Report.

**ACKNOWLEDGEMENTS**

The Directors wish to place on record their appreciation of the co-operation received by the Company from various departments of the Central and State Government, Company's Bankers and Financial Institutions and suppliers during the year under review.

For and on behalf of the Board of Directors

Mumbai  
Date: 28th February, 2000

**S. B. GARWARE**  
Chairman & Managing Director

**ANNEXURE TO DIRECTORS' REPORT**

Statement containing information as per Section 217(2A) of the Companies Act 1956, read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 30th September, 1999.

**EMPLOYED FOR THE YEAR**

Sr. No.	Name	Designation/ Nature of Duties	Remu- neration received	Qualifications	Age	Experience	Date of commen- cement of Employment	Last Employment
1.	* Ms. Sarita S. Garware	Whole-time Director	672000	MBA European University Switzerland	32	6 Yrs.	01.04.97	Whole-time Director Garware Polyester Ltd.

**EMPLOYED FOR PART OF THE YEAR**

2.	Mr. S. Vijayakumar	Vice President - Finance	552413	B.Sc., F.C.A.	47	21 Yrs.	01.06.98	Corporate Treasurer The Premier Automobiles Ltd. 6 months
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\* Contractual

**Notes :**

- Remuneration as shown above includes value of perquisites computed on the basis of Income Tax Rules, 1962.
- Designation represent the nature of duties of the employees.
- Other terms and conditions are as per the Rules of the Company.
- Ms. Sarita S. Garware is related to Mr. S.B. Garware, Chairman and Managing Director, Mrs. M. Garware Modi and Miss Sonia S. Garware, Directors of the Company.

For and on behalf of the Board of Directors

Mumbai  
28th February, 2000

**(S. B. Garware)**  
Chairman and Managing Director

**AUDITORS' REPORT**

TO THE MEMBERS OF GARWARE CHEMICALS LIMITED

We have audited the attached Balance Sheet of **GARWARE CHEMICALS LIMITED** as at 30th September, 1999. There is no Profit and Loss Account of the Company for the year ended on 30th September, 1999 as the project is under implementation stage.

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure statement on the matters specified in paragraphs 4 & 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph (1) above, we report that :-
  - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.
  - (c) The said Balance Sheet dealt with by this report are in agreement with the books of Account and comply with the Accounting Standards referred to in Section 211(3C) of Companies Act, 1956.
  - (d) We draw your attention to Note No.7 in Schedule 7 regarding Y2K Compliance by the Company. We are unable to comment on the same as it is a technical matter.
  - (e) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts subject to:-
 

Note No. 8(b) for Non Provision in respect of interest if any, payable on overdue amounts to SSI Suppliers and read together with the other notes in Schedule 7 give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:-

    - (i) In the case of the Balance Sheet of the state of affairs of the Company as at 30th September, 1999.

For INDULAL SHAH & COMPANY  
Chartered Accountants

Mumbai  
Date : 28th February, 2000

(INDULAL H. SHAH)  
Proprietor

**ANNEXURE TO THE REPORT OF THE AUDITORS TO THE MEMBERS OF GARWARE CHEMICALS LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 30TH SEPTEMBER, 1999.**

(Referred to in paragraph 1 thereof)

1. The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets. All the assets except relating to capital work-in-progress have been physically verified by the Management during the year. We are informed that no material discrepancies have been noticed by the Management on such verification.
2. None of the Fixed Assets have been revalued during the year.
3. The Company has not obtained any loans, secured or unsecured from Companies, Firms or other parties listed in the Register maintained u/s.301 of the Companies Act, 1956 or from Companies under the same management.
4. The Company has not given any loans secured or unsecured to Companies, Firms or other parties listed in the Register maintained u/s.301 of the Companies Act, 1956.
5. The Company has not given any loans and advances in the nature of loans to other parties.
6. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regards to the purchases of materials, plant and machinery, equipment and other assets.
7. According to the information and explanation given to us the transaction for obtaining of certain services made in pursuance of arrangement entered in the register maintained u/s.301 of the Companies Act, 1956 aggregating during the year to Rs.50,000/- or more, have been made at prices which are reasonable.
8. The Company has not accepted any deposits from the public.
9. As the project is under implementation stage and the Company has not commenced operations, hence Internal Audit is not applicable.
10. According to the records of the Company Provident Fund dues have been regularly deposited during the year with the appropriate authorities. We are informed that the Employees State Insurance Act is not applicable to the Company.
11. We are informed that there are no undisputed amounts payable in respect of Sales Tax and Custom Duty which were outstanding for a period of more than six months from the date they became payable, as at last day of the financial year.
12. As the project is under implementation stage, clause Nos.(iii), (iv), (v), (vi), (xii), (xiv), (xvi), (xix) and (xx) of clause "A" to Paragraph 4 of the aforesaid order are not applicable to the Company.

For INDULAL SHAH & COMPANY  
Chartered Accountants

Mumbai  
Date : 28th February, 2000

(INDULAL H. SHAH)  
Proprietor

## GARWARE CHEMICALS LIMITED

## BALANCE SHEET AS AT 30TH SEPTEMBER 1999

Schedule	(Rs. in Lakhs)	
	As at 30.09.1999	As at 30.09.1998
<b>FUNDS EMPLOYED:</b>		
<b>SHAREHOLDERS' FUNDS</b>		
Share Capital	1 1713.90	1713.90
Reserves & Surplus	2 3580.90	3580.90
Promoter's Contribution	4701.90	9996.70
		3920.52
		9215.32
<b>BORROWINGS</b>		
Secured Loans	3 14096.77	11670.63
<b>TOTAL</b>	<b>24093.47</b>	<b>20885.95</b>
<b>APPLICATION OF FUNDS:</b>		
<b>FIXED ASSETS</b>		
Gross Block	4 36.59	35.64
Less: Depreciation	19.53	14.96
Net Block	17.06	20.68
Capital Work in Progress	4 A 23282.02	20660.59
[Including Pre-operative exp. {Pending allocation}]	23299.08	20881.27
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>		
Cash and Bank Balances	845.90	136.97
Loans and Advances	680.23	658.59
	1526.13	795.56
Less: CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities	6 754.65	813.79
	754.65	813.79
Net Current Assets	771.48	-18.23
<b>MISCELLANEOUS EXPENDITURE</b> (to the extent not written off Or adjusted)		
Preliminary Expenses & Share Issue expenses	22.91	22.91
<b>TOTAL</b>	<b>24093.47</b>	<b>20885.95</b>

The notes in Schedule 7 & schedules referred to herein form an integral part of the Balance Sheet.

As per our report of even date

for INDULAL SHAH & CO. Chartered Accountants		S.B. GARWARE Chairman & Managing Director
(INDULAL H. SHAH) Proprietor	K.K. VANJPE Company Secretary	A.K. DUDHANE Director
Mumbai, 28th February, 2000		Mumbai, 28th February, 2000

## SCHEDULES FORMING PART OF THE BALANCE SHEET

Schedule	(Rs. In Lakhs)	
	As at 30.09.1999	As at 30.09.1998

## SCHEDULE 1

## SHARE CAPITAL

Authorised: 3000000 Equity Shares of Rs.10/- each,	3000.00	3000.00
Issued, Subscribed and Paid-up: 17139000 (Previous year 17139000) Equity Shares of Rs.10/-each, fully paid-up	1713.90	1713.90

Out of above:  
(i) 14075820 Equity Shares are held by Garware Polyester Limited, the holding company and its nominees.

## SCHEDULE 2

## RESERVES AND SURPLUS

SHARE PREMIUM : Balance as per last Balance Sheet	3580.90	3580.90
<b>TOTAL</b>	<b>3580.90</b>	<b>3580.90</b>

## SCHEDULE 3

## SECURED LOANS

(i) Term Loan from Industrial Development Bank of India (IDBI) (Refer Note a to d below) Interest accrued and due	10054.00	7150.00
(ii) Foreign Currency Loan from Fuji Bank Ltd., Singapore (Refer Note (e) below) Interest accrued and due	3234.38	3155.73
	294.77	0.00
(iii) Overdraft from Centurion Bank Ltd. (Refer Note (f) below)	0.00	633.73
<b>TOTAL</b>	<b>14096.77</b>	<b>11670.63</b>

## Notes :

- Secured by**
- A first mortgage and charge in favour of I.D.B.I. of the Company's Leasehold immovable properties both present & future, for which the formalities are yet to be completed.
  - A first charge by way of hypothecation in favour of I.D.B.I. of all the Company's movables (save and except book debts), including movable machinery, machinery spares, tools & accessories, present & future, subject to prior charges created and/or to be created in favour of the Company's banker on the Company's stocks of Raw material, semi-finished & finished goods, consumable stores and such other movables as may be agreed by I.D.B.I. for securing the borrower's working capital requirement in the ordinary course of business.
  - Irrevocable and unconditional Corporate guarantee given to be given by Garware Polyester Ltd. in favour of I.D.B.I. for the due repayment of the loan together with interest and other monies payable by the Company.
  - Disbursement received during the year Rs.2904.00 lakhs out of which Rs.2004.00 Lakhs adjusted against Interest, the break-up of the same is as under.
- | Particulars of Loan  | Sanction Amount (Rs.Lakhs) year | Loan Amount received last year (Rs.Lakhs) | Adjusted against during the year (Rs.Lakhs) year | Amount received during the year (Rs.Lakhs) |
|----------------------|---------------------------------|---|--|--|
| Existing Loan        | 7800.00                         | 7150.00                                   | 450.00   | 200.00                                     |
| Funded Interest      | 2030.00                         | 0.00                                      | 1554.00  | 0.00                                       |
| Term Loan (FITL)     |                                 |   |  |  |
| Additional Term Loan | 1440.00                         | 0.00                                      | 0.00   | 700.00                                     |
| <b>Total</b>         | <b>11270.00</b>                 | <b>7150.00</b>                            | <b>2004.00</b>                                   | <b>900.00</b>                              |
- USD 7.42 Million Loan Received From FUJI BANK LTD. Singapore as Per Agreement & against First pari passu charge with I.D.B.I. It is also secured by a Corporate Guarantee by Garware Polyester Limited to the extent of 70% of the loan amount and interest and other monies payable by the Company and balance 30% is secured by a Guarantee by Sumitomo Corporation.
  - Secured by first charge by way of hypothecation of materials and second charge on plant & machinery.

**SCHEDULE 4**  
**SCHEDULES FORMING PART OF THE BALANCE SHEET**  
**FIXED ASSETS**

Sr. No.	Description Of Assets	GROSS BLOCK			DEPRECIATION			NET BLOCK	
		Cost As at 01.10.98	Additions During the year	Cost As at 30.09.99	Upto 30.09.98	For the year	Total Upto 30.09.99	As at 30.09.99	As at 30.09.98
		(Rs. In Lakhs)							
1.	Furniture & Fixtures	6.94	0.00	6.94	4.36	0.46	4.82	2.12	2.58
2.	Office Equipments	19.87	0.00	19.87	6.13	1.91	8.04	11.83	13.74
3.	Data Processing Equipments	8.83	0.95	9.78	4.47	2.20	6.67	3.11	4.36
	<b>TOTAL</b>	<b>35.64</b>	<b>0.95</b>	<b>36.59</b>	<b>14.96</b>	<b>4.57</b>	<b>19.53</b>	<b>17.06</b>	<b>20.68</b>
	Previous year	30.32	5.32	35.64	9.19	5.77	14.96	20.68	
	Capital Work-In-Progress (includes pre-operative expenses refer schedule 4A)	20860.59	2421.43	23282.02				23282.02	20860.59

**SCHEDULE 4A**  
**DETAILS OF CAPITAL WORK-IN-PROGRESS AS ON 30.09.99**

Particulars	(Rs. In Lakhs)	
	As at 30.09.99	As at 30.09.98
Land	0.00	0.00
Building Under Constructions	203.39	200.01
Plant & Machinery & Elect. Inst. Under Erection		
(A) Imported	5961.74	5961.74
(B) Indigenous	6883.21	6926.10
(C) Foreign Tech Fees	1268.39	1268.39
(D) Engineering Fees	375.90	375.90
	<b>14489.24</b>	<b>14532.13</b>
<b>PRE-OPERATIVE EXPENSES (Pending allocation)</b>		
Rent / Rates & Taxes	40.69	36.10
Admn. & Other Expenses	45.58	34.14
Salary / Wages & Benefits	363.10	237.88
Whole-time Director's Remuneration	29.51	17.48
Directors' Sitting Fees	0.41	0.23
Interest Expenses	5890.56	3847.05
Bank & Financial Charges	328.37	287.54
Foreign Travel Exp.	123.81	122.54
Local Travel Exp.	14.49	14.05
Telephone Exp.	27.34	22.11
Depreciation	19.54	14.96
Insurance Expenses	139.96	106.59
Water & Electricity Charges	227.29	195.33
Auditor's Remuneration	0.99	0.55
Net Loss on Materials	547.32	500.85
Cost of Chemicals and Catalyst	170.43	162.29
Exchange rate diff. on F.C. Loan	586.44	507.79
Consultancy Charges	22.71	14.74
Security Service Charges	10.85	6.23
	<b>8589.39</b>	<b>6128.45</b>
<b>Grand Total</b>	<b>23282.02</b>	<b>20860.59</b>

**SCHEDULE 5**  
**CURRENT ASSETS, LOANS & ADVANCES**

	As at 30.09.1999	As at 30.09.1998
<b>A) CURRENT ASSETS</b>		
Cash and Bank Balances		
(a) Cash on hand	0.66	0.65
(b) Bank balances :		
(i) With Scheduled Banks:		
In Current Accounts	845.19	136.27
(ii) In Fixed deposit accounts	0.05	0.05
	<b>845.90</b>	<b>136.97</b>
<b>B) LOANS &amp; ADVANCES:</b>		
a) Advances recoverable in cash or in kind or for value to be received.	632.49	610.38
b) Advance against Capital Expenditure.	8.79	2.30
c) Deposits with Customs & Excise Authorities	28.89	28.63
d) Deposits with others	7.39	14.61
e) Tax deducted at source	2.67	2.67
<b>TOTAL</b>	<b>1526.13</b>	<b>795.56</b>

**SCHEDULE 6**  
**CURRENT LIABILITIES AND PROVISIONS :**

	As at 30.09.1999	As at 30.09.1998
<b>Current Liabilities :</b>		
i) Sundry Creditors (Refer Note No. 8 (a) and (b) in Schedule 7)	745.43	786.11
ii) Other Liabilities	9.22	27.68
<b>TOTAL</b>	<b>754.65</b>	<b>813.79</b>

## GARWARE CHEMICALS LIMITED

## NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30.09.99

## SCHEDULE 7

## A) SIGNIFICANT ACCOUNTING POLICIES

## 1. Basis of presentation

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards and relevant presentation requirements of the Companies Act, 1956.

## 2. Fixed Assets

Fixed assets are stated at cost net of accumulated depreciation. Cost comprises of the purchase price and any directly attributable costs of bringing the Asset to working condition for its intended use including interest and other incidental expenses.

## 3. Foreign Currency Transactions

Foreign currency loan for financing Fixed Assets outstanding at the close of the Financial Year are revalued at appropriate exchange rate at the close of the year.

## 4. Retirement Benefit.

Liability towards superannuation will be covered by appropriate Scheme with Life Insurance Corporation of India.

## 5. Miscellaneous Expenditure (to the extent not written off or adjusted).

Preliminary and Share issue expenses are to be written off over a period of 10 years from the date of commencement of commercial operations.

## B) OTHER NOTES

## 1. Land

Land is on lease for the term of Ninety nine years on monthly lease rental basis.

## 2. Estimated amounts of contracts remaining to be executed on capital account and not provided for is Rs.19.61 Lakhs (Previous Year Rs.2.82 Lakhs) against which an advance of Rs.8.79 Lakhs (Previous Year Rs.2.30 Lakhs) has been paid.

## 3. Depreciation

Depreciation has been provided on Written Down Value method as per Schedule XIV of the Companies Act, 1956 and the same has been shown under pre-operative expenses.

## 4. Since the Company has not commenced operations, miscellaneous expenditure has not been amortised during the year.

## 5. Since the company has not commenced business, other required information in notes are not applicable.

## 6. As the company has not carried out any commercial operations during the year under review and has therefore not prepared profit &amp; loss account for the year ended 30.09.1999.

## 7. The Company has taken necessary steps for Y2K compliance in all hardware &amp; software systems and do not envisage any serious problems to the Company's business activities from the Y2K issue. The estimated cost for Y2K compliance is about Rs.7.00 Lakhs.

## 8. (a) Sundry creditors in schedule 6 to the accounts include Rs.17.10 Lakhs due to small scale industrial undertakings and Rs.728.33 Lakhs due to other creditors. The same is disclosed on the basis of information available

with the Company regarding the status of suppliers as detailed under Clause (i) of Section 3 of the Industries (Development & Regulation) Act, 1951.

The names of the small scale industrial undertakings to Whom the Company owes a sum of Rs.1.00 Lakh or more and which is outstanding for more than 30 days are as under:

Hi-Tech Engineering Pvt. Ltd.  
Gujarat Engineering Co.  
Pmecco Process Equipment (I) Pvt. Ltd.  
S.S. Industries.

## 8. (b) No provision of interest, if any, payable on overdue amounts as at 30.09.99 to Small Scale and or ancillary industrial suppliers has been made as the amount is not determinable.

## 9. Additional information pursuant to the provisions of paragraphs 3 and 4C of part II of Schedule VI of the Companies Act, 1956.

## Licenced and Installed Capacities.

Product	Registered Capacity	Installed Capacity		
Di-Methyl Terephthalate	60000 T.P.A.	Under Implementation		
			(Rs.in Lakhs)	
			1998-99	1997-98
10. Details of import on CIF basis				
A) Direct Imports			0.00	783.78
Total			0.00	783.78
11. Expenditure in Foreign Currency.				
(i) Foreign Travel through Garware Polyester Ltd.			0.43	0.00
(ii) Others			0.08	0.00
Total			0.51	0.00

## 12. Administrative and other expenses includes Rs.0.10 Lakhs paid to some of the partners of the Auditor for taxation matters.

## 13. Previous Year's figures have been rearranged and regrouped wherever necessary to conform to the classification adopted for the current year.

As per our report of even date

for INDULAL SHAH & CO.  
Chartered Accountants

S.B. GARWARE  
Chairman & Managing Director

(INDULAL H. SHAH)  
Proprietor

K.K. VANJPE  
Company Secretary

A.K. DUDHANE  
Director

Mumbai, 28th February, 2000

Mumbai, 28th February, 2000

**Balance Sheet Abstract & Company's General Business Profile****I. Registration Details**

Registration No.	90555
State Code	11
Balance Sheet Date	30.09.99

**II. Capital raised during the Accounting Year  
(Amount Rs. in Thousand)**

Public Issue	Nil
Rights Issue	Nil
Bonus Issue	Nil
Private Placement	Nil

**III. Position of mobilisation and deployment  
of funds (Amount Rs. in Thousand)**

Total Liabilities	2409347
Total Assets	2409347
<b>Sources of Funds :</b>	
Paid up Capital	171390
Promoter's Contribution	470190
Reserves & Surplus	358090
Secured Loans	1409677
Unsecured Loans	Nil
<b>Application of Funds :</b>	
Net Fixed Assets	2329908
Investments	Nil
Net Current Assets	77148
Miscellaneous Expenditure	2291
Accumulated Losses	Nil

**IV. Performance of the Company  
(Amount Rs. in Thousand)**

<b>Turnover</b>	
Total Expenditure	Nil
Profit/Loss before Tax	Nil
Profit/Loss after Tax	Nil
Earning per Share (in Rs.)	Nil
Dividend Rate ( in % )	Nil

**V. Generic names of Three Principal  
Products/Services of the Company (as per monetary terms)**

Item Code No.	291937
Product Description	Di-Methyl Terephthalate

Signatories to Schedules 1 to 7  
As per our report of even date

for INDULAL SHAH & CO.  
Chartered Accountants

(INDULAL H. SHAH)  
Proprietor

Mumbai  
Date : 28th February, 2000

K.K. VANJPE  
Secretary

S. B. GARWARE  
Chairman & Managing Director

A.K. DUDHANE  
Director

Mumbai  
Date : 28th February, 2000

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**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER, 1999**

The directors present their report and financial statements for the year ended 31 December 1999.

**Principal activities and review of the business**

The principal activity of the Group continued to be that of acting as an agent to the Indian parent company.

The results for the year and the financial position at the year end were considered satisfactory by the directors.

**Results and dividends**

The results for the year are set out on page 4 of the financial statements. The directors do not recommend payment of a dividend.

**Directors**

The following directors have held office since 1 January 1999:

**Mr. A B Bhagani****Mr. S Garware****Ms. S Garware****Directors' interests**

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary shares of £1 each	
	31 December 1999	1 January 1999
Mr. A B Bhagani	-	-
Mr. S Garware	-	-
Ms. S Garware	-	-

**Auditors**

MCT Partnership were appointed auditors to the company and in accordance with Section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

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**Directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the company as at the end of the financial year and of the profit or loss of the Group and the company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board

Mr. A. B. Bhagani  
Director

28th June, 2000

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**AUDITORS' REPORT TO THE SHAREHOLDERS OF GARWARE POLYESTER INTERNATIONAL LIMITED**

We have audited the financial statements on pages 4 to 15 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

**Respective responsibilities of directors and auditors**

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

**Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the Group as at 31 December 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act, 1985.

MCT Partnership

28th June, 2000

Chartered Accountants  
Registered Auditors

1 Warner House  
Harrovia Business Village  
Bessborough Road  
Harrow Middlesex HA1 3EX

## GARWARE POLYESTER INTERNATIONAL LIMITED

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**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1999**

	Notes	Year ended	1.7.1997 to
		31.12.1999	31.12.1998
		£	£
Turnover	2	2,390,851	1,758,717
Cost of sales		(1,942,855)	(1,568,428)
<b>Gross Profit</b>		<b>447,996</b>	<b>190,289</b>
Administrative expenses		(473,862)	(250,073)
<b>Operating loss</b>	3	<b>(25,866)</b>	<b>(59,784)</b>
Other interest receivable and similar income	4	15,902	41,921
Interest payable and similar charges	5	-	(22)
<b>Loss on ordinary activities before taxation</b>		<b>(9,964)</b>	<b>(17,885)</b>
Tax on loss on ordinary activities	6	-	(10,651)
<b>Loss on ordinary activities after taxation</b>	13	<b>(9,964)</b>	<b>(28,536)</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

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**COMPANY BALANCE SHEET AS AT 31 DECEMBER, 1999**

	Notes	1999		1998	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	7	7,655		7,410	
Investment	8	62,046		38,992	
		<b>69,701</b>		<b>46,402</b>	
<b>Current assets</b>					
Stocks	9	88,855		-	
Debtors	10	72,705		163,108	
Cash at bank and in hand		108,010		757,612	
		<b>269,570</b>		<b>920,720</b>	
<b>Creditors : amounts falling due within one year</b>	11	<b>(15,999)</b>		<b>(620,406)</b>	
<b>Net current assets</b>		<b>253,571</b>		<b>300,314</b>	
<b>Total assets less current liabilities</b>		<b>323,272</b>		<b>346,716</b>	
<b>Capital and reserves</b>					
Called up share capital	12	250,000		250,000	
Profit and loss account	13	73,272		96,716	
<b>Shareholders' funds - equity interest</b>	14	<b>323,272</b>		<b>346,716</b>	

The financial statements were approved by the Board on 28th June, 2000.

Mr. A.B. Bhagani  
Director

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**GROUP BALANCE SHEET AS AT 31 DECEMBER, 1999**

	Notes	1999		1998	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	7	9,802		10,586	
<b>Current assets</b>					
Stocks	9	868,970		212,937	
Debtors	10	371,143		362,509	
Cash at bank and in hand		195,917		786,484	
		<b>1,436,030</b>		<b>1,361,930</b>	
<b>Creditors : amounts falling due within one year</b>	11	<b>(1,221,381)</b>		<b>(1,138,101)</b>	
<b>Net current assets</b>		<b>214,649</b>		<b>223,829</b>	
<b>Total assets less current liabilities</b>		<b>224,451</b>		<b>234,415</b>	
<b>Capital and reserves</b>					
Called up share capital	12	250,000		250,000	
Profit and loss account	13	(25,549)		(15,585)	
<b>Shareholders' funds - equity interest</b>	14	<b>224,451</b>		<b>234,415</b>	

The financial statements were approved by the Board on 28th June, 2000.

Mr. A.B. Bhagani  
Director

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**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 1999**

	Year ended		1.7.1997 to	
	31.12.1999	31.12.1998	31.12.1998	31.12.1998
	£	£	£	£
<b>Net cash inflow/(outflow) from operating activities</b>		(595,294)		620,573
<b>Returns on investments and servicing of finance</b>				
Interest received	15,902		41,921	
Interest paid	-		(22)	
<b>Net cash inflow for returns on investments and servicing of finance</b>		<b>15,902</b>		<b>41,899</b>
<b>Taxation</b>		(7,532)		(3,120)
<b>Capital expenditure</b>				
Payments to acquire tangible assets	(3,265)		(8,771)	
Receipts from sales of tangible assets	401		-	
<b>Net cash outflow for capital expenditure</b>		<b>(2,864)</b>		<b>(8,771)</b>
<b>Net cash inflow/(outflow) before management of liquid resources and financing</b>		<b>(589,788)</b>		<b>650,581</b>
<b>Increase/(decrease) in cash in the year</b>		<b>(589,788)</b>		<b>650,581</b>



## GARWARE POLYESTER INTERNATIONAL LIMITED

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## NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 1999

## 1 Reconciliation of operating loss to net cash inflow/(outflow) from operating activities

	Year ended	Period ended
	31.12.1999	31.12.1998
	£	£
Operating loss	(25,866)	(59,784)
Depreciation of tangible assets	3,698	2,711
(Increase)/decrease in stocks	(656,033)	(212,937)
Decrease/(increase) in debtors	(8,634)	2,104,358
(Decrease)/increase in creditors within one year	91,541	(1,213,775)
Net cash inflow/(outflow) from operating activities	(595,294)	620,573

## 2 Analysis of net funds

	01.01.1999	Cash flow	Other non-cash changes	31.12.1999
	£	£	£	£
<b>Net cash:</b>				
Cash at bank and in hand	786,484	(590,567)		195,917
Bank overdrafts	(779)	779		-
	785,705	(589,788)		195,917

## 3 Reconciliation of net cash flow to movement in net funds

	Year ended	Period ended
	31.12.1999	31.12.1998
	£	£
Increase/(decrease) in cash in the year	(589,788)	650,581
<b>Movement in net funds in the year</b>	(589,788)	650,581
Opening net funds	785,705	135,124
<b>Closing net funds</b>	195,917	785,705

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

## 1 Accounting policies

## 1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable Accounting Standards.

## 1.2 Basis of consolidation

The Group financial statements incorporate the financial statements of the company and its subsidiary. Accounting policies for the subsidiary follow those of the company.

## 1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT.

## 1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings and equipment - 25% Reducing balance

## 1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

## 1.6 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value.

## 1.7 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

## 1.8 Foreign currency translation

For consolidation purposes, the assets and liabilities of the overseas subsidiary undertaking is translated at the closing exchange rate. The profit and loss account is consolidated at the average rate of exchange prevailing during the year.

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## 2 Turnover

	Year ended	18 Months to
	31.12.1999	31.12.1998
	£	£
<b>Class of business</b>		
Foreign sales	2,271,697	11,758,717
U.K. sales	119,154	-
	2,390,851	11,758,717

## 3 Operating loss

	£	£
Operating loss is stated after charging:		
Depreciation of tangible assets	3,698	2,711
Operating lease rentals	12,383	18,473
Auditors' remuneration	3,060	3,775

## 4 Other interest receivable and similar income

	£	£
Bank interest	15,902	41,921

## 5 Interest payable

	£	£
On overdue tax	-	22

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## 6 Taxation

	£	£
U.K. corporation tax at 21%	-	10,651

## 7 Tangible fixed assets

	Fixtures, Fittings and Equipment (Group)	Fixtures, Fittings and Equipment (Company)
	£	£
<b>Cost</b>		
At 1 January 1999	16,151	12,488
Additions	3,265	3,265
Disposals	(401)	(401)
At 31 December 1999	19,015	15,352
<b>Depreciation</b>		
At 1 January 1999	5,565	5,078
On disposals	(50)	(50)
Charge for the year	3,698	2,669
At 31 December 1999	9,213	7,697
<b>Net book value</b>		
At 31 December 1999	9,802	7,655
At 31 December 1998	10,586	7,410

## GARWARE POLYESTER INTERNATIONAL LIMITED

## 12

8	<b>Fixed asset investments</b>	<b>Shares in subsidiary undertaking</b>	<b>£</b>
	<b>Cost</b>		
	At 1 January 1999	38,992	
	Additions	23,054	
	At 31 December 1999	<u>62,046</u>	

**Holdings of more than 20%**

The company holds more than 20% of the share capital of the following company :

Company	Country of registration or incorporation	Share held	
		Class	%
Subsidiary undertaking			
Global PET Films Inc	USA	Common stock	100

## 9 Stocks

	Group		Company	
	Year Ended	Period Ended	Year Ended	Period Ended
	31/12/1999	31/12/1998	31/12/1999	31/12/1998
Finished goods and goods for resale	<u>868,970</u>	212,937	<u>88,855</u>	—

## 10 Debtors

	Group		Company	
	Year Ended	Period Ended	Year Ended	Period Ended
	31/12/1999	31/12/1998	31/12/1999	31/12/1998
Trade debtors	334,122	358,001	25,472	158,600
Other debtors	476	2,520	476	2,520
Prepayments and accrued income	1,948	1,968	1,948	1,968
Amounts owed by parent and fellow subsidiary undertaking	<u>34,597</u>	—	<u>44,809</u>	—
	<u>371,143</u>	362,509	<u>72,705</u>	163,108

## 13

## 11 Creditors : amounts falling due within one year

	Group		Company	
	Year Ended	Period Ended	Year Ended	Period Ended
	31/12/1999	31/12/1998	31/12/1999	31/12/1998
Bank overdraft	—	779	—	779
Trade creditors	1,203,738	701,147	4,389	192,727
Amount owed to parent and fellow subsidiary undertakings	—	407,725	—	407,725
Corporation tax	3,284	10,816	3,284	10,816
Other taxes and social security costs	2,368	3,097	—	—
Accruals and deferred income	<u>11,991</u>	14,537	<u>8,326</u>	8,359
	<u>1,221,381</u>	1,138,101	<u>15,999</u>	620,406

## 12 Share capital

	As at 31.12.1999	As at 31.12.1998
	£	£
<b>Authorised</b>		
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

<b>Allotted, called up and fully paid</b>		
250,000 Ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>

## 13 Statement of movements on profit and loss account

	Group	Company
	£	£
Balance at 1 January 1999	(15,585)	96,716
Retained loss for the period	<u>(9,964)</u>	<u>(23,444)</u>
Balance at 31 December 1999	<u>(25,549)</u>	<u>73,272</u>

## 14

## 14 Reconciliation of movements in shareholders' funds

	Group		Company	
	Year Ended	Period Ended	Year Ended	Period Ended
	31/12/1999	31/12/1998	31/12/1999	31/12/1998
(Loss)/Profit for the financial year	(9,964)	(28,536)	(23,444)	83,765
Opening shareholders' funds	<u>234,415</u>	262,951	<u>346,716</u>	262,951
Closing shareholders' funds	<u>224,451</u>	234,415	<u>323,272</u>	346,716

## 15 Profit of the parent company - Garware Polyester International Limited

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year amounted to £23,444 (18 months to 31 December 1998 - profit £83,765).

## 16 Employees

	Year ended 31.12.1999	6 Months to 31.13.1998
--	-----------------------	------------------------

**Number of employees**

The average monthly number of employees (including directors) during the year was :		
Administration and management	9	5
Sales and marketing	—	1
	<u>9</u>	<u>6</u>

**Employment costs**

Wages and salaries	213,920	64,700
Social security costs	6,542	4,296
	<u>220,462</u>	<u>68,996</u>

## 17 Control

Due to the diverse number of shareholders in the ultimate parent company, Garware Polyester Limited (India), it is not known who the controlling party is.

## 18 Related party transactions

The following amount was owed by related parties at the balance sheet date:

Related Party	Relationship	£
Garware Polyester Limited	Parent company	34,597

GLOBAL PET FILMS, INC.

**The Board of Directors and Stockholders of Global Pet Films, Inc.****Elk Grove Village, Illinois**

We have audited the accompanying balance sheet of Global Pet Films, Inc. as of December 31, 1999 and December 31, 1998, and the related statements of operations, stockholders' equity, and cash flows for the year ended December 31, 1999 and December 31, 1998. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimate made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Global Pet Films, Inc. as of December 31, 1999 and December 31, 1998, and the results of these operations and their cash flows for each of the years in the two-year period ended December 31, 1999 in conformity with generally accepted accounting principles.

Amin &amp; Associates Ltd.

Addison, Illinois  
January 31, 2000.

**BALANCE SHEET AS AT DECEMBER 31, 1999 AND 1998**

	<b>Assets</b>	
	Dec. 31, 1999	Dec. 31, 1998
	\$	\$
<b>Current Assets</b>		
Cash and Cash Equivalents	141,530	47,928
Accounts Receivable - Trade	608,268	331,005
Allowance for Doubtful Accounts	(79,310)	0
Inventory	1,255,985	353,475
Subscription Receivable	0	35,257
Total Current Assets	<u>1,926,473</u>	<u>767,665</u>
<b>Fixed Assets</b>		
Fixtures and Equipment	6,080	6,080
Accumulated Depreciation	(2,492)	(804)
Total Fixed Assets	<u>3,588</u>	<u>5,276</u>
<b>Other Assets</b>		
Organization Cost	7,373	7,373
Accumulated Amortization	(2,961)	(1,476)
Total Assets	<u>1,934,473</u>	<u>778,838</u>

**Liabilities and Equity**

<b>Current Liabilities</b>		
Accounts Payable - Trade	1,930,952	843,977
Accounts Payable GPIL	16,459	0
Sales Refund Payable	32,031	0
Payroll Taxes Payable	3,813	5,141
Accrued Expenses	5,900	10,256
Total Current Liabilities	<u>1,989,155</u>	<u>859,374</u>
<b>Equity</b>		
Common Stock	100,000	100,000
Retained Earnings	(154,682)	(180,536)
Total Equity	<u>(54,682)</u>	<u>(80,536)</u>
Total Liabilities & Equity	<u>1,934,473</u>	<u>778,838</u>

**INCOME STATEMENT FOR THE YEARS ENDED DECEMBER 31, 1999  
AND 1998**

	Dec. 31, 1999	Dec. 31, 1998
	\$	\$
Revenue		
Sales	<u>3,249,593</u>	1,472,122
Total Revenue	<u>3,249,593</u>	1,472,122
Cost of Sales		
Purchases	2,594,121	1,416,874
Custom Duties and Clearance	114,896	55,233
Warehouse Rent	<u>49,417</u>	<u>36,895</u>
Total Cost of Sales	<u>2,758,434</u>	<u>1,509,002</u>
Gross Profit	<u>491,159</u>	(36,880)
Operating Expenses		
Amortization	1,486	1,476
Auto Expense	17,256	1,778
Bad Debts	79,310	0
Bank Charges	12,043	6,546
Commissions	0	18,000
Consulting Fees	6,000	11,167
Depreciation	1,688	804
Dues and Subscriptions	1,379	0
Licenses and Fees	125	136
Miscellaneous	401	507
Office Expense	3,550	1,067
Professional Fees	13,293	6,000
Postage & Freight	1,237	331
Rent-Office	628	780
Salaries-Sales	208,000	20,000
Taxes-Payroll	8,209	1,845
Telephone	22,019	13,515
Travel & Entertainment	89,900	60,342
Utilities	<u>397</u>	<u>515</u>
Total Expenses	<u>466,921</u>	<u>144,809</u>
Operating Income	<u>24,238</u>	(181,689)
Interest Income	<u>1,616</u>	1,153
Total Other Income	<u>1,616</u>	1,153
Net Income (Loss)	<u>25,854</u>	<u>(180,536)</u>

**STATEMENT OF CASH FLOWS FOR THE YEARS ENDED  
DECEMBER 31, 1999 AND 1998**

	Dec. 31, 1999	Dec. 31, 1998
	\$	\$
Cash Flow from Operating Activities		
Net Income (Loss)	25,854	(180,536)
Adjustments to Reconcile Cash Flow		
Depreciation and Amortization	3,174	2,280
Decrease (Increase) in Current Assets		
Accounts Receivable - Trade	(277,263)	(331,008)
Allowance for Doubtful Accounts	79,310	0
Inventory	(902,510)	(353,475)
Subscription Receivable	35,257	(35,257)
Increase (Decrease) in Current Liabilities		
Accounts Payable - Trade	1,086,975	843,979
Accounts Payable GPIL	16,459	0
Sales Refund Payable	32,031	0
Payroll Taxes Payable	(1,328)	5,141
Accrued Expenses	<u>(4,356)</u>	<u>10,256</u>
Total Adjustments	<u>67,749</u>	<u>141,914</u>
Cash Provided by Operations	<u>93,603</u>	<u>(38,620)</u>
Cash Flow from Investing Activities		
Purchase of Office Equipment	0	(6,080)
Organization Cost	<u>0</u>	<u>(7,373)</u>
Cash used by Investing Activities	<u>0</u>	<u>(13,453)</u>
Cash Flow from Financing Activities		
Common Stock Issued	<u>0</u>	<u>100,000</u>
Cash Provided by Financing Activities	<u>0</u>	<u>100,000</u>
Net Increase in Cash	<u>93,603</u>	<u>47,927</u>
Cash at Beginning of Period	<u>47,927</u>	<u>0</u>
Cash at End of Period	<u>141,530</u>	<u>47,927</u>

**NOTES TO FINANCIAL STATEMENTS**
**Summary of Significant Accounting policies**

The significant accounting policies of Global Pet Films, Inc., which are summarized below, are consistent with generally accepted accounting principles and reflect practices appropriate to the business in which they operate.

**Cash and cash equivalents**

Cash and cash equivalents include money market instruments.

**Inventories**

Inventories are stated at cost or lower of cost.

**Equipment**

Equipment is stated at cost. Depreciation are provided on the straight-line method for financial reporting purposes and for tax purposes.

**Organization Cost**

Legal cost for organization of business is capitalized and amortized using the straight-line method based on 60 months life.

**Revenue**

Revenues from product sales to customer are recognized at the time of shipment.

**Stockholder's Equity**

The company's certificate of incorporation authorizes 1,000,000 shares of capital stock for issuance. As of December 31, 1999, 99,999 shares of capital stock has been issued to Garware Polyester International Ltd. A United Kingdom company in consideration of \$99,999 and 1 share of capital stock has been issued to Ashok Bhagani in consideration of \$1.



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

## FORTY-THIRD ANNUAL 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 **43rd Annual 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 3.30 p.m.

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 **43rd Annual General Meeting** of  
the Company to be held on Saturday, the 30th September, 2000 at 3.30 p.m. at the Registered Office of the  
Company at Naigaon, Post Waluj, Aurangabad 431 133 and at any adjournment thereof.

Signed this ..... day of ..... 2000.

Signature .....

Affix Revenue Stamp of 30 Paise
--

<b>PROXY NO.</b>	<b>REGD. FOLIO</b>	<b>NO. OF SHARES</b>
------------------	--------------------	----------------------

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.