

*35th
Annual Report
Financial Year 2003-2004*



GARWARE SYNTHETICS LIMITED

GARWARE SYNTHETICS LIMITED'S VISION

CORPORATE MISSION

We strongly believe in turning out products of uncompromising quality and total customer satisfaction.

QUALITY POLICY

WE ARE COMMITTED TO A CONSTANT BUSINESS GROWTH THROUGH CUSTOMERS' SATISFACTION BY CONTINUOUSLY MEETING DEVELOPMENT AND DELIVERY SPECIFICATIONS AT COMPETITIVE PRICES WITH CLOSE CO-OPERATION & INVOLVEMENT OF ALL EMPLOYEES & BUSINESS ASSOCIATES.

Company's Product Brand

GARFLON

❧❧❧❧❧

Garware Synthetics Limited sells its Nylon Products in the market under the Trade Name of Garflon. The products of the Company are sold in the Domestic as well as Foreign Markets under the Brand Name of Garflon. In the Domestic Market Company is the Brand Leader for over last 36 years and still has approximately 70% Market Share in these stiff marketing conditions.

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GARWARE SYNTHETICS LIMITED

BOARD OF DIRECTORS

Shri Nihal C. Garware (Vice Chairman & Managing Director)

Shri Sundar K. Moolya (Executive Director)

Shri Ramesh G. Chandorkar (Director)

Shri Kirti B. Doshi (Director)

Shri Vinay Nagaonkar (Company Secretary)

AUDITORS :

MARATHE, PONKSHE & ASSOCIATES,

27 Shivtirth, opp. Saraswati High School,

Kopari Road, Naupada, Thane – 400 602.

BANKERS :

INDIAN OVERSEAS BANK

Bakhtawar, Nariman Point,

Mumbai – 400 021.

BANK OF BARODA,

CDC Building,

135, Dr. A.B. Road, Worli,

Mumbai – 400 018.

SHARES LISTED ON THE FOLLOWING STOCK EXCHANGES :

Mumbai Stock Exchange

Kolkata Stock Exchange

Delhi Stock Exchange

Madras Stock Exchange

Vadodara Stock Exchange

DEMAT ISIN NUMBER :

INE340D01016.

REGISTERED OFFICE & FACTORY SITE :

Plot No. 67, Station Road, Kanjur Marg (East), Mumbai – 400 042

REGISTRAR AND SHARE TRANSFER AGENT :

M/s. Mondkar Computers Private Limited

21, Shakil Niwas, Mahakali Caves Road,

Andheri (East), Mumbai 400 093.

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NOTICE

NOTICE is hereby given that **35th Annual General Meeting** of the members of Garware Synthetics Limited will be held on Friday the 17th December, 2004 at 9.00 a.m. at Kutchi Kadwa Patidar Hall, Near Sarvodaya Hospital, L.B.S. Marg, Ghatkopar (W), Mumbai 400 086 to transact the following business:

ORDINARY BUSINESS:

- (1) To receive, consider and adopt Audited Balance Sheet as at 30th June, 2004 and the Profit and Loss Account for the year ended on that date with the reports of Directors and Auditors thereon.
- (2) To appoint a Director in place of Shri Kirti B. Doshi, who retires by rotation and, being eligible offers himself for re-appointment.
- (3) To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

(4) Re-Appointment of the Whole - Time Director:

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

RESOLVED THAT pursuant to Section 269, 309, Schedule XIII and other application provisions of the companies Act 1956 Shri Sundar K. Moolya be and is hereby appointed as a Whole-Time Director of the company for a period of three years w.e.f. 02nd May 2004 on the following terms and conditions:

1. REMUNERATION:

(I) SALARY:

Rs. 10,700/- (Rupees Ten Thousand Seven Hundred only) per month in the scale of not less than Rs.8,500/- (Rupees Eight Thousand Five Hundred only) and not more than Rs.15, 000/- (Rupees Fifteen Thousand only) per month with power to the Board of Directors to revise the salary from time to time within the said scale.

(II) PERQUISITES, ALLOWANCES & REIMBURSEMENTS:

- (a) In the manner as may be decided by the Board of Directors of the company and consented to by Shri Sundar K. Moolya subject to maximum of annual salary.
- (b) Company's contribution to Provident Fund and Gratuity payable and encashment of leave at the end of the tenure as per the rules of the company, which shall not be included in the computation of limits for the salary, perquisites and allowances.

(III) MINIMUM REMUNERATION:

Notwithstanding anything to the contrary herein contained, wherein any financial year during the currency of the appointment, the company has no profits or its profits are inadequate, the company will pay remuneration by way of salary and perquisites, etc. as specified in Section II of Part II of Schedule XIII to the Companies Act, 1956.

The payment of aforesaid remuneration shall be subject to the provisions of Section 309 of the Companies Act, 1956 and Schedule XIII to the said Act, as amended from time to time.

2. EARNED/PRIVILEGE LEAVE:

As per the rules of the Company.

3. Either party may terminate agreement of Employment of Shri Sundar K. Moolya at any time thereto by giving to the other party 3 (three) months notice of such termination and neither party will have any claim against each other for damages or compensations by reason of such termination except as otherwise provided in the agreement.

4. The terms and conditions of the said appointment may be varied from time to time by the Board, as it may in its absolute discretion deem fit within the maximum amount of remuneration payable to the Whole-Time Director in accordance with the provisions of schedule XIII to the said Act, as amended from time to time.

"RESOLVED FURTHER THAT Shri Nihal C. Garware, Vice-Chairman & Managing Director be and is hereby authorized on behalf of the Board of Director of the Company to sign and submit Form 32, Form 25-C and Form 23 as per the provisions of **Companies (Central Government's) General Rules and Forms, 1956** with the Registrar of Companies, Maharashtra, Mumbai as per the relevant requirements of the provisions of the Companies Act 1956."

Place: Mumbai
Date: 16th November, 2004

By Order of the Board of
GARWARE SYNTHETICS LIMITED

Registered Office:
Plot No. 67, Station Road,
Kanjur Marg (East),
Mumbai – 400 042.

Sd/-
VINAY NAGAONKAR
COMPANY SECRETARY

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF HOLDING OF THE AFORESAID MEETING. A BLANK PROXY FORM IS ENCLOSED.
2. All Documents referred in the accompanying Notice are open for inspection at the Registered Office of the Company during office hours on all working days between 11.00 am to 1.00 pm (except for Saturday and Sunday and Public Holidays).
3. The Register of Members and Share Transfer Books of the Company shall remain closed from Thursday, the 9th December 2004 to Friday, 17th December 2004 (both days inclusive).
4. As per SEBI's notification, the shares of the Company have to be traded in Stock Exchanges, compulsorily in demat mode, with effect from 2nd January 2002. In view of this, the Company has entered into agreements with the Depositories, National Securities Depository Limited., (NSDL) and Central Depository Services Limited., (CDSL). Members are requested to note this and open demat accounts with the registered Depository Participants and surrender their shares for dematerialization. The members may note that share transfers, otherwise than, through Stock Exchanges, in physical mode, will have to be sent to the Company at its' Registered Office or to the Company's Registrar & Transfer Agents, **M/s. Mondkar Computers Private Limited**, having their office situated at **21, Shakil Niwas, Mahakali Caves Road, Andheri (East), Mumbai 400 093.**
5. As per the provisions of section 109 of the Companies Act, 1956 facility for making nominations is now available to the shareholders in respect of the shares held by them. Shareholders can avail this facility by submitting the nomination form in the prescribed format (Form 2B) enclosed herewith duly filled in all respects to the **Registrar & Share Transfer Agent** of the Company.
6. Dividends: Company has never declared dividend whether interim or final since its Public Issue in 1994.
7. Members attending the meeting are requested to bring with them the attendance slip duly filled in to be handed at the entrance of the meeting hall. They are requested to bring their own copy of the Annual Report to the meeting.
8. Members are requested to :
 - A. Notify immediately any change in their detailed complete address with proper pin code to the Company quoting correctly their folio numbers.

GARWARE SYNTHETICS LIMITED

- B. Members who hold shares in dematerialised form are requested to intimate their details regarding change of address, etc. to the Depository Participants where they have their depository accounts.
- C. Inform their client ID and DP ID numbers if they hold shares in dematerialised form.
- D. Inform the Company their Income Tax Permanent Account Number (PAN), if any, if not informed earlier.
- E. Send to the Company details of all folios, if holding shares in identical order of names in more than one folio, together with the Share Certificates for consolidating the folios into one. The Share Certificates will be returned to members after making the requisite endorsement thereon.
- F. Write to the Company at least 7 days before the date of the meeting, if any information with regard to accounts is required, so as to enable the management to keep the information ready.

EXPLANATORY STATEMENT

(Pursuant to section 173(2) of the Companies Act, 1956)

ITEM NO.4

The Current term of appointment of Shri Sundar K. Moolya as a Whole-Time Director will expire on 01st May 2007. Shri Sundar K. Moolya has played a key role in the management of the affairs of the Company. During his tenure as a Whole-Time Director, the Company has achieved reduction of costs, development of new industrial products and new business opportunities in the Domestic as well as International Markets.

The Board of Directors has re-appointed Shri Sundar K. Moolya as a Whole-Time Director of the company for a further period of 3 years effective from 02nd May 2004 to 01st May 2007 in their meeting held on **15.04.2004** on the recommendation of the Remuneration Committee without any change in the terms and conditions and at existing remuneration scale and grade as appended below.

1. REMUNERATION:

(I) SALARY:

Rs. 10,700/- (Rupees Ten Thousand Seven Hundred only) per month in the scale of not less than Rs.8, 500/- (Rupees Eight Thousand Five Hundred only) and not more than Rs.15, 000/- (Rupees Fifteen Thousand only) per month with power to the Board of Directors to revise the salary from time to time within the said scale.

(II) PERQUISITES, ALLOWANCES & REIMBURSEMENTS:

(a) In the manner as may be decided by the Board of Directors of the company and consented to by Shri Sundar K. Moolya, subject to maximum of annual salary.

(b) Company's contribution to Provident Fund and Gratuity payable and encashment of leave at the end of the tenure as per the rules of the company, which shall not be included in the computation of limits for the salary, perquisites and allowances.

(III) MINIMUM REMUNERATION:

Notwithstanding anything to the contrary herein contained, wherein any financial year during the currency of the appointment, the company has no profits or its profits are inadequate, the company will pay remuneration by way of salary and perquisites, etc. as specified in Section II of Part II of Schedule XIII to the Companies Act, 1956.

The payment of aforesaid remuneration shall be subject to the provisions of Section 309 of the Companies Act, 1956 and Schedule XIII to the said Act, as amended from time to time.

2. EARNED/PRIVILEGE LEAVE:

As per the rules of the Company.

- 3. Either party may terminate agreement of Employment of Shri Sundar K. Moolya at any time thereto by giving to the other party 3 (three) months notice of such termination and neither party will have any claim against each other for damages or compensations by reason of such termination except as otherwise provided in the agreement.

The terms and conditions of the said appointment may be varied from time to time by the Board, as it may in its absolute discretion deem fit within the maximum amount of remuneration payable to the Whole-Time Director in accordance with the provisions of schedule XIII to the said Act, as amended from time to time.

The Board recommends the resolution for your approval. None of the Directors except Shri Sundar K. Moolya are concerned or interested in the resolution.

Place: Mumbai

Date: 16th November, 2004

By Order of the Board of
GARWARE SYNTHETICS LIMITED

Sd/-
VINAY NAGAONKAR
COMPANY SECRETARY

NOTES ON DIRECTORS SEEKING RE-APPOINTMENT AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT ENTERED INTO WITH THE STOCK EXCHANGES:

- At the ensuing 35th Annual General Meeting, Shri Kirti B. Doshi, an Independent Director liable to retire by rotation and being eligible offered himself for re-appointment, seeking the approval of the shareholders for being reappointed as a Director.

The Board of Directors recommends his appointment.

His bio-data is given below - A.

- At the ensuing 35th Annual General Meeting, Shri Sundar K. Moolya, an Executive and a Whole-Time Director who was appointed for a period of 3 years, w.e.f. 02.05.2001 has been re-appointed by the Board of Directors for a further period of 3 years w.e.f. 02.05.2004. The Board is seeking the approval of the shareholders for being reappointed as an Executive Director.

The Board of Directors recommends his appointment.

His bio-data is given below - B.

A. Bio Data of Shri Kirti B Doshi: -

Name of the Director	Shri Kirti B Doshi
Date of Birth	21.05.1950
Date of Appointment	28.10.2002 appointed as an Additional Director and was appointed as a Director in the 33rd Annual General Meeting held on 20th December 2002
Expertise in specific areas	Developing products for medical line
Qualification & Work Experience	Practising as a Doctor
List of Outside Directorship held	Nil
Chairman / Member of the Committees of the Board of Directors of the Company	Member - Audit Committee
Chairman / Member of the Committees of Directors of other Companies in which he is a Director	
(a) Audit Committee	None
(b) Investor Grievance Committee	None
(c) Share Transfer Committee	None

GARWARE SYNTHETICS LIMITED

B. Bio Data of Shri Sundar K. Moolya: -

Name of the Director	Shri Sundar K. Moolya
Date of Birth	10.02.1951
Date of Appointment	w.e.f. 02.05.2001 appointed as a Whole-Time Director and received an approval of the shareholders in the 31st Annual General Meeting held on 31st May 2001.
Expertise in specific areas	Production & Factory Administration
Qualification & Work Experience	<p>Qualification : Bachelor of Arts (B.A.) and Diploma in Personnel Management (HRD) as well as On the-Job Training and Technical / Non-Technical Experience in Plastics and Synthetics Industry since 1975</p> <p>Experience : 30 Years at various levels in Garware Group Assistant Level - 10 Years Staff Level - 10 Years Management Level - 7 Years Executive Director - 3 Years</p> <ol style="list-style-type: none"> 1. Overall Factory Management; 2. Production Planning and Supervision of Complete Production Process; 3. Development of New Machines and Industrial Tools; 4. Innovation of new production Techniques; 5. Planning and designing of new Machines and formulation of New production processes; 6. Price Negotiations;
List of Outside Directorship held	None
Chairman / Member of the Committees of the Board of Directors of the Company	Member – Investor Grievance Committee Member - Share Transfer Committee
Chairman / Member of the Committees of Directors of other Companies in which he is a Director	
(a) Audit Committee	None
(b) Investor Grievance Committee	None
(c) Share Transfer Committee	None

Place: Mumbai
Date: 16th November, 2004

By Order of the Board of
GARWARE SYNTHETICS LIMITED

Registered Office:
Plot No. 67, Station Road,
Kanjur Marg (East),
Mumbai – 400 042.

Sd/-
VINAY NAGAONKAR
COMPANY SECRETARY

DIRECTORS' REPORT

The Members,

Your Directors are presenting the 35th Annual Report together with Audited Annual Accounts of the Company for the year ended 30th June 2004.

FINANCIAL RESULTS / PERFORMANCE OF THE COMPANY:

Particulars	Financial Year 2003 - 2004	Financial Year 2002 - 2003
Sales Turnover for the period	426.52	440.39
Profit/(Loss) before Depreciation & interest	(63.15)	(65.51)
Depreciation	19.99	30.22
Interest	1.74	1.82
(Loss)/Profit	(84.88)	(97.55)
Balance brought forward from last year	(1359.30)	(1261.73)
Balance available for appropriation	(1444.18)	(1359.30)
Balance carried forward	(1444.18)	(1359.30)

PERFORMANCE:

During the financial year under review your company has managed to achieve a Sales Turnover of Rs. 426.52 Lakhs as compared to the last years' Sales Turnover of Rs.440.39. During the financial year under review your company has managed to produce 204.77 MT Nylon Products as compared to the last years' production of 233.19 MT Nylon Products.

During the year the company has incurred net loss of Rs. 84.88 Lakhs as against loss of Rs. 97.55 Lakhs during the previous year. On the cost fronts the company has rationalized various overheads and minimized losses to the extent feasible. The company plant is in good working condition and is capable of running at optimum levels.

Status of BIFR reference:

As you are already aware that the Company has made a reference to BIFR. The Company's reference with BIFR registered as Case No. 295/2001. While the company has complied with all the directives given by BIFR during hearing held on 13.8.2002 for determination of sickness, the BIFR is yet to pass an appropriate order in the matter.

The BIFR is carrying out the necessary enquiries into the status of sickness of your company and your management has submitted all the required statements, records related with the financial, legal and other matters to BIFR from time to time to the satisfaction of the Board.

The company has proposed for compromising the dues with Banks and would formulate a Scheme of Rehabilitation in due course of time. Your Board is hopeful that given certain reliefs and restructuring of loans, the company is capable of making a viable running without loss of much time. However, the future of the company will depend now mainly on the measures decided and taken by the BIFR. In the meantime, the company has arrived at an amicable settlement with its bankers and has also taken steps to secure the remaining outstanding payments to the said bank as per the terms and conditions of the One Time Settlement arrived at with the Indian Overseas Bank, Bank of Baroda and Indus Ind Bank. The company has also made a down payment of up to 25% out of sanctioned OTS amount to the banks.

Provision for interest on loans availed:

The Company would be seeking reliefs and concessions on preparation of scheme of rehabilitation hence no provision is made for interest chargeable on loans availed.

DIVIDEND:

During the year under review the Company has incurred a loss of Rs.84.88 Lakhs. Your Directors, therefore do not recommend any dividend on Equity Shares for the year-ended 30.06.2004.

GARWARE SYNTHETICS LIMITED

CORPORATE GOVERNANCE

The Company has complied with the mandatory provisions of Corporate Governance as prescribed in the Listing Agreement with the Stock Exchanges and separate report on Corporate Governance is included as a part of the Annual Report along with the Auditors' Certificate on its compliance.

Directors' Responsibility Statement

Your Directors hereby confirm that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed.
2. The Directors have selected such accounting policies and applied them consistently, and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 30th June, 2004 and of the loss of the Company for the year ended 30th June, 2004.
3. The Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. The Directors have prepared the Annual Accounts for the year ended 30th June 2004 on a going concern basis.

DIRECTORS

Shri Sundar K. Moolya, Executive Director, appointed w.e.f. 02.05.2001 for a period of 3 years, being eligible offered himself, for reappointment and he has been appointed as an Executive Director with effect from 02.05.2004 for a further period of 3 years subject to the approval of the Shareholders in this 35th Annual General Meeting.

Particulars of the Shri Sundar K. Moolya Executive Director eligible for being reappointment as Director are given in the notes forming part of the notice for the ensuing 35th Annual General Meeting.

Shri Kirti B. Doshi, who retires by rotation at the ensuing 35th Annual General Meeting and, being eligible offers himself for reappointment.

Particulars of the retiring director eligible for being reappointment as Director are given in the notes forming part of the notice for the ensuing 35th Annual General Meeting.

DEMATERIALISATION OF EQUITY SHARES

The Company's Equity Shares have been inducted into Compulsory Depository System of Central Depository Services Limited and National Securities Depository Limited with effect from 6th June 2001. As such, facilities for dematerialisation of the Company equity shares have already become fully operational vide ISIN: INE 340D01016 at both the Depositories.

STATUTORY INFORMATION:

PUBLIC DEPOSIT

The Company has not received / accepted any deposits from the public during the year under review.

PARTICULARS OF EMPLOYEES

During the period under review no employee of the company was in receipt of remuneration exceeding Rs. 2,00,000/- per month or Rs. 24,00,000/- per annum. The information required to be submitted pursuant to Section 217(2A) of Companies Act, 1956 is not applicable.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO

Information pursuant to 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 Directors Report for the year ended 30th June 2004, is given in the Annexure to the Report.



AUDITORS

M/s. Marathe, Ponshe & Associates, Chartered Accountants, Thane, the Auditors of the Company retire at the ensuing Annual General Meeting of the Company and being eligible offer themselves for re-appointment. The Company has obtained an eligibility certificate from them that if re-appointed it would be in accordance with the prescribed limits specified under section 224(1-B) of the Companies Act, 1956.

NOTE TO POINT NO. 9(a) OF AUDITORS' REPORT:

As regards provident fund dues the company has given proposal to clear the outstanding dues to the Provident Fund authorities and the dues are being cleared according to the schedule fixed by them. And dues of E.S.I.C. are also being cleared in installments.

INDUSTRIAL RELATIONS

The relations with the employees, both at Factory and Head Office / Branch Offices have been cordial throughout the year. The Board wishes to place on record its sincere appreciation of the services rendered by the officers, staff and workers.

ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation of the whole – hearted co-operation extended to the Company by its Bankers, Share holders and its associate Companies for a smooth functioning of the Company.

For & on Behalf of the Board of,
GARWARE SYNTHETICS LIMITED

Sd/-
NIHAL C. GARWARE
Vice Chairman and Managing Director

Place: Mumbai
Date: 16th November, 2004

GARWARE SYNTHETICS LIMITED

ANNEXURE FORMING PART OF DIRECTORS' REPORT

Information as per section 217(1) (e) read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988 and forming part of the Directors' Report for the year ended 30th June, 2004.

FORM - A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO THE CONSERVATION OF ENERGY

A. POWER AND FUEL CONSUMPTION

Sr. No.	Particulars	Current Year 2003 - 2004	Previous Year 2002 - 2003
1.	Electricity Units KWH (Lakhs) Value in Rs.(Lakhs)	8.27 34.57	8.81 35.88
B. Sr. No.	CONSUMPTION PER UNIT OF PRODUCTION Particulars	Current Year 2003 - 2004	Previous Year 2002 - 2003
1.	Cost per Unit (Rs.) Consumption per ton of production (Rs.)	4.18 16,882	4.07 15,341

FORM - B

(I) Research and Development (R & D)

The Company has Research & Development Laboratory where continuous efforts are on for cost reduction, improvement of products and processes. The Company has developed nylon Mandrels for the first time in India.

(II) Benefits Derived

1. The Company has been able to control the wastage in the Financial Year 2003-2004. Current wastage, since previous financial year 2002 - 2003, is at 9% whereas the same was 12% in Financial Year 2001-2002.
2. The Company has taken corrective measures to control production wastage in addition to the reduction in the wastage suffered during the year 2003-2004 which is due to the unforeseen power failure.

FORM - C

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

Efforts are being made towards Technology adaptation and innovation. The Company at present does not have any formal technical collaboration.

FORM - D

(A) FOREIGN EXCHANGE EARNINGS & OUTGO:

Sr. No.	Particulars	Current Year 2003 - 2004 (In Rs.)	Previous Year 2002 - 2003 (In Rs.)
1	Foreign Exchange Earnings -	14,13,341	6,96,280
2	Foreign Exchange Outgoing -	Nil	9,46,360

MANAGEMENT DISCUSSION & ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENT:

Garware Synthetics Ltd. Manufactures wide range of Bristles made from Nylon 6, 66, 610, PBT, Polypropylene, which find extensive application in various Brush Industries. Today we are developing new varieties of bristles called Abrasive filaments, which are currently imported, into our country. We hope to launch this product very soon. These filaments are used in various industrial brushes.

The Company has got necessary infrastructure to cater to the demand of the industry by having its offices network setup at all metros and having stockists throughout India. On the export front your company has bagged the orders from international market in the previous year.

OPPORTUNITIES AND THREATS:

Your company has got good demand for its products due to high quality standards. The Company can produce almost 570 MT per year if work in full capacity. However, the company is not produce the sufficient quantity of product due to the scarcity of the working capital. At the same time many potential markets are untapped due to the shortage of raw material. In spite of all odds, the company is still enjoying the reputation on the quality grounds.

Our raw material such as Nylon. Polypropylenes are petro-based products. In the last year Crude Oil prices are increasing with all time high. This has resulted in increasing the raw material prices tremendously. In the last six months the raw material prices are shoot up by 60% over last year prices. This price situation creates havoc in the market and the market does not absorb such price increase easily. This results into loss of sale and hampers the company's profit margin.

Your management is of the opinion that the following determining factors of Opportunities and Threats, would play a vital role in case of your company:

Factor for Opportunity:

1. Additional production capacity to meet the market demand and achieve economies of scale.
2. Use of latest technology to facilitate further reduction in wastages and improvement in quality.
3. The company has a brand equity and a reputation in the industry for producing quality products, its continuous service and customer care.
4. The company is a pioneer in plastic industry.

Factor for Threats:

1. Your company faces competition from the unorganized sectors in the industry.
2. Your company faces adversity due to volatile raw material prices.
3. Your company suffers from continuous decline in the margins.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The company has created and maintained internal controls and successfully implemented cost reduction method on various fronts. This has resulted into direct saving of Rs.40.60 Lacs under various heads of expenses. At the same time the wastage is also kept at minimum level of 9% -

DEVELOPMENT IN HUMAN RESOURCES AND INDUSTRIAL RELATIONS:

The inter-personal relations of the employees have been very cordial throughout the year. Our company has just signed the Memorandum of Settlement with employees Union for revision of pay with the help of cordial relation between employees and company.

CAUTIONARY STATEMENT:

Your company is facing financial crunch and because of the same your company cannot fulfill huge demand from domestic as well as international market. At the same time due to shortage of working capital funds the continuity of the production breaks frequently resulting into heavy wastage. All this may result into diversion of our customers to our competitors.

GARWARE SYNTHETICS LIMITED

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company has always believed in fair business and corporate practices while dealing with the shareholders, employees, customers, creditors, lenders and the society at large. The Company is prompt in discharging its statutory obligations and duties. Corporate Governance is crucial to the very existence of a Company as it builds confidence and trust.

Professional, Qualified, Non-Executive and Independent Directors adequately represent the Board of Directors. Decisions at the Board and Committee meetings are taken unanimously.

BOARD OF DIRECTORS

Composition

The Board of Company consists of Four Directors, Two of whom are non-executive. The said non-executive directors are independent.

The details of composition and categories of Directors are given hereunder:

Sr. No.	Name of the Director	Category of Directors
1	Shri. Nihal C. Garware	Vice Chairman and Managing Director
2	Shri. Sundar K. Moolya	Whole Time & Executive Director
3	Shri. Ramesh G. Chandorkar	Independent & Non - Executive Director
4	Shri. Kirti B. Doshi	Independent & Non - Executive Director

Directors retiring by rotation and seeking for re-appointment

Shri. Kirti B. Doshi, an Independent Director liable to retire by rotation, offers himself for being reappointed as a Director. Shri. Kirti B. Doshi was appointed as a Director of the Company on the 28th October 2002. As required under Clause 49 of the Listing Agreement, information such as brief resume, nature of expertise and other directorships is given herein below.

Name of the Director	Shri Kirti B Doshi
Date of Birth	21.05.1950
Date of Appointment	28.10.2002 appointed as an Additional Director and was appointed as a Director in the 33 rd Annual General Meeting held on 20 th December 2002.
Expertise in specific areas	Developing products for medical line
Qualification & Work Experience	Practising as a Doctor
List of Outside Directorship held	Nil
Chairman / Member of the Committees of the Board of Directors of the Company	Member - Audit Committee
Chairman / Member of the Committees of Directors of other Companies in which he is a Director	
(a) Audit Committee	None
(b) Investor Grievance Committee	None
(c) Share Transfer Committee	None

Board procedures

Six meetings of the Board of Directors were held during the financial year 2003 – 2004 and the gap between any two meetings did not exceed four months, as mandated in clause 49. The dates of the meetings were decided in advance and key information is placed before the Board. Details of the Meetings of the Board of Directors of the Company held during the financial year ended 30th June 2004 are given hereunder:

Sr. No.	Date of the Meeting	Total Directors	Directors in attendance
1	04.07.2003	Four (4)	Four (4)
2	15.07.2003	Four (4)	Four (4)
3	15.10.2003	Four (4)	Four (4)
4	21.11.2003	Four (4)	Four (4)
5	27.01.2004	Four (4)	Four (4)
6	15.04.2004	Four (4)	Four (4)

Attendance record of Directors

The names and categories of the Directors on the Board, their record of attendance at Board meetings held during the year and at the last Annual General Meeting.

Sr.	Name of Director	Board Meeting Attendance	Last AGM Attendance
1	Shri. Nihal C. Garware	6 Board Meetings	Yes
2	Shri. Sundar K. Moolya	6 Board Meetings	Yes
3	Shri. Ramesh G. Chandorkar	6 Board Meetings	Yes
4	Shri. Kirti B. Doshi	6 Board Meetings	Yes

AUDIT COMMITTEE

Constitution and Composition

The Audit committee of the Company has been constituted on 28.10.2002. The terms of reference of the audit committee are extensive and include all that is mandated in clause 49 of the Listing Agreement with the Stock Exchanges and Section 292 A of the Companies Act, 1956. The Company has complied with the requirements of clause 49(II) (A) of the Listing Agreements as regards composition of the Audit Committee. The Audit Committee has held 4 (Four) meetings during the Financial Year 2003 – 2004, details whereof are as follows:

Attendance record of Directors

The names and categories of the Directors on the Board, their record of attendance at Audit Committee meetings held during the year and at the last Annual General Meeting.

Sr.	Name of Director	Directorship	Audit Committee Meeting Attendance	Last AGM Attendance
1	Shri. Nihal C. Garware	Executive	4 Committee Meetings	Yes
2	Shri. Ramesh G. Chandorkar	Independent	4 Committee Meetings	Yes
3	Shri. Kirti B. Doshi	Independent	4 Committee Meetings	Yes

i.e. on 15.07.2003, 15.10.2003, 27.01.2004, and 15.04.2004. The Audit Committee of the Company as on 16th November 2004 comprises of the following Directors of the Company.

GARWARE SYNTHETICS LIMITED

1. Shri. Nihal C. Garware – Executive Director;
2. Shri. Ramesh G. Chandorkar – Independent Director
3. Shri. Kirti B. Doshi – Independent Director.

All the three members of the Audit Committee are directors on the board of the company and two of them are independent, Shri. Ramesh G. Chandorkar, the Chairman of the Committee has an experience in this industry for over last 40 years and has hands on Management Policy of working in the Industry. Shri. Nihal C. Garware, a member of the Committee is a Graduate in Economics from USA and has Industrial background of nearly 15 years in Plastic and Synthetics industry. Shri. Kirti B. Doshi – Independent Director of the Company is a Doctor by profession and has been practicing in Mumbai for the last 20 years and has helped the company in developing products for medical line.

REMUNERATION OF DIRECTORS

Remuneration to Managing Director and Executive Director

The terms of remuneration of Shri. Nihal C. Garware, Vice Chairman and Managing Director and Shri. Sunder K. Moolya, Executive Director have already been fixed by the Board of Directors and approved by the shareholders at Annual General Meeting held on 20.12.2002. During the financial year 2003-2004, the particulars of remuneration paid to the Directors are as under :

	<u>N.C. Garware</u>	<u>S.K. Moolya</u>
a. Salaries	182700	64200
b. Perquisites	18000	45000
c. Contribution to Provident & Other Funds	27924	7704

Remuneration of Non-Executive Directors.

Non - Executive Directors do not draw any Remuneration and have also waived their sitting-fees.

DISCLOSURES

A - Disclosure regarding materially significant related party transaction:

The company has not entered into any transactions of material nature with the promoters or directors or their relatives that may have any potential conflict with interests of the company.

B - Disclosure of non-compliance by the Company:

The company has not been able to comply with all the clauses of listing agreements due to its adverse financial capacity. Due to the non – payment of Annual listing fees to the Regional stock exchange i.e. Mumbai Stock Exchange, the trading of the shares of the company has been suspended since October 1, 2002.

COMMUNICATION TO SHAREHOLDERS

Due to its adverse financial condition the company has not been able to publish its quarterly and half yearly financial results as are required as per the applicable provisions and clauses in the Listing Agreement but at the same time the Company has been providing the other necessary information to the Regional Stock Exchange, Mumbai and other Four Stock Exchanges as follows:

Sr.No.	Results / Reports	Relevant Period	Listing Agreement
1	Annual Results	30.06.2003	Clause 41
2	Quarterly Results	30.09.2003	Clause 41
3	Quarterly Results	31.12.2003	Clause 41
4	Quarterly Results	31.03.2004	Clause 41

5	Annual Results	30.06.2004	Clause 41
6	Secretarial Audit Quarterly Certificate	30.06.2003	*
7	Secretarial Audit Quarterly Certificate	30.09.2004	*
8	Secretarial Audit Quarterly Certificate	31.12.2003	*
9	Secretarial Audit Quarterly Certificate	31.03.2004	*
10	Secretarial Audit Quarterly Certificate	30.06.2004	*

* Certificates regarding Secretarial Audit in respect of Share Capital and other related issues pursuant to the SEBI Circular no. D & CC / FITTD / CIR – 16 / 2002 dated 31st December, 2002 were obtained from Sanjeev Niphadkar, a Practising Company Secretary (C. P. No. 3099), Mumbai.

Management Discussion and Analysis form part of the Annual Report.

INVESTORS' GRIEVANCE COMMITTEE

The Board of Directors of the Company constituted the Investors' Grievance Committee consisting of Shri. Ramesh G. Chandorkar, the Chairman, and Independent Director, Shri. Nihal C. Garware, a member, Vice Chairman and Managing Director of the Company and Shri. Kirti B. Doshi, a member and an Independent Director.

The committee specifically looks into the shareholders' and investors' complaints on matters relating to transfer of shares, non-receipt of annual report and dividend etc. In addition, the committee also looks into matters, which can facilitate better investor services and relations.

Attendance record of Directors

The names and categories of the Directors on the Board, their record of attendance at Investor Grievance Committee meetings held during the year and at the last Annual General Meeting.

Sr.	Name of Director	Directorship	Meeting Attendance	Last AGM Attendance
1	Shri. Nihal C. Garware	Executive	4 Committee Meetings	Yes
2	Shri. Ramesh G. Chandorkar	Independent	4 Committee Meetings	Yes
3	Shri. Kirti B. Doshi	Independent	4 Committee Meetings	Yes

i.e. on 14.07.2003, 14.10.2003, 14.01.2004, and 13.04.2004. The Audit Committee of the Company as on 16th November 2004 comprises of the following Directors of the Company.

1. Shri. Nihal C. Garware – Executive Director;
2. Shri. Ramesh G. Chandorkar – Independent Director
3. Shri. Kirti B. Doshi – Independent Director.

Following given are the details of Investor Grievance Complaints received during the financial year 2003 – 2004 under review:

S. No.	Nature of Complaints	Received	Resolved	Pending
1	SEBI Direct:	5	5	Nil
2	Request for Share Transfers #	100	100	Nil
3	Stock Exchange Direct:	2	2	Nil
4	Non Receipt of dividends/warrants	5	5	Nil
5	Transmission of Shares	6	6	Nil
6	Non Receipt of Certificates after Transfer	7	7	Nil
7	Non Receipt of Annual Reports/Accounts	4	4	Nil
8	Requests for Change of Address	39	39	Nil
9	Requests for Nomination Facility	6	6	Nil
10	Requests for Dematerialisation of Shares	6	6	Nil
11	Other requests not mentioned above	7	7	Nil
	Grand Total:	187	187	

GARWARE SYNTHETICS LIMITED

M/s. Mondkar Computers Private Limited, Registered and Transfer Agents of your company have processed 239 transfer deeds and 28700 Shares for the period 01.07.2003 to 30.06.2004. No requests, either directly received by the Company or received by RTA M/S. Mondkar Computers Private Limited from our Investors for share transfer including their grievances were pending as on 30.06.2004 and the same were processed within the stipulated period for giving effect to the registration of transfer of shares.

The Share Transfer Committee comprises of two Executive Directors namely Shri Nihal C. Garware and Shri Sunder K. Moolya and the said Committee has met 66 (Sixty Six) the Financial Year 2003 – 2004.

As per the latest quarterly report of your Company's Registrar and Transfer Agents – M/S. Mondkar Computers Private Limited no Investor Complaints are pending unresolved as on 30th September 2004.

INFORMATION ON GENERAL BODY MEETINGS

The details of the location and time for last three Annual General Meetings are given hereunder:

Particulars	F.Y. 2000 - 2001	F.Y. 2001 - 2002	F.Y. 2002 – 2003
AGM Date & Time	05.12.2001 9.00 A. M.	20.12.2002 9.00 A. M.	19.12.2003 9.00 A. M.
Location	Kutchi Kadwa Patidar Hall, Near Sarvodaya Hospital, L.B.S. Marg, Ghatkopar (West), Mumbai - 400 086	Kutchi Kadwa Patidar Hall, Near Sarvodaya Hospital, L.B.S. Marg, Ghatkopar (West), Mumbai - 400 086	Kutchi Kadwa Patidar Hall, Near Sarvodaya Hospital, L.B.S. Marg, Ghatkopar (West), Mumbai - 400 086

COMPLIANCE OFFICER

Shri Vinay Nagaonkar, Company Secretary is the Compliance Officer of the Company under Clause 47 of the Listing Agreement.

GENERAL SHAREHOLDER INFORMATION

Annual General Meeting:

The 35th Annual General Meeting of the Company will be held on 17th December, 2004 at 9.00 a. m. at Kutchi Kadwa Patidar Hall, Near Sarvodaya Hospital, L.B.S. Marg, Ghatkopar (West), Mumbai – 400 086.

Financial Calendar for the year:

The financial year of the company ends on 30th June 2004. Hence the company has a financial year commencing on the 1st July of every financial year and ending on the 30th June of the next financial year.

Book Closure Dates

The Company's Share Transfer Book will remain closed from 9th December 2004 up to 17th December 2004 for purpose of Annual General Meeting.

Listing on Stock Exchanges

The Company's shares are presently listed on the Stock Exchanges at Mumbai, Kolkata, Delhi, Madras, & Vadodara.

Delisting of Shares

The Company has decided to delist its shares from all the stock exchanges except its Regional Stock Exchange vide the Resolution passed on 30.03.2000 in the 30th Annual General Meeting. The Vadodara Stock Exchange has given its formal approval for the delisting of the shares vide its letter Ref.No.VSE/ED-CV/2004/108 dated May 24, 2004 subject to compliance with various terms and conditions specified by it. The board of directors of your company have taken necessary steps to carry out the process of delisting of its shares from the Vadodara Stock Exchange and other Stock Exchanges as well.

Stock (Scrip) Code : 514400 (Mumbai Stock Exchange)

Stock (Scrip) Code : 7505 (Delhi Stock Exchange)

Stock (Scrip) Code : 017168 (Physical Form) &

10017168 (Demat Form) (Calcutta Stock Exchange)

Stock (Scrip) Code : GARWASYN (Madars Stock Exchange)

Stock (Scrip) Code : 14400 (Vadodara Stock Exchange)

Market Price Date (Rs.)

The shares of the company are not frequently traded and hence the market value of the share is not given herein for the information of the shareholders. The last traded price of the Equity Shares of your Company on the Mumbai Stock Exchange (Regional Stock Exchange) was Rs. 1.30 Per Share as on 23rd September 2002. The trading of the shares of the Company on Mumbai Stock Exchange has been suspended since October 1, 2002.

Share Transfer System

The Share Transfer-cum-Investors' Grievance Committee attends to share transfer formalities once in a fortnight. Demat requests are normally confirmed within an average period of 15 days from the date of receipt. The Company has appointed following agency as Share Transfer Agent (Electronic + Physical).

M/s. Mondkar Computer Pvt. Ltd.
21, Shakil Niwas, Mahakali Caves Rd.,
Andheri (East), Mumbai - 400 093.

The shareholders may address their communication, suggestions, grievances and queries to the above Share Transfer Agent.

DISTRIBUTION OF SHAREHOLDING & SHAREHOLDING PATTERN AS ON 30.06.2004

Distribution of Shareholding as on 30.06.2004

Share Holding	Share Holders		No. of Shares	% of Share Holding
	Nos.	Percentage		
Upto – 5000	15504	97.799	1898525	34.214
5001 – 10000	211	1.331	172600	3.111
10001 – 20000	70	0.442	105764	1.906
20001 – 30000	23	0.145	55000	0.991
30001 – 40000	9	0.057	31730	0.572
40001 – 50000	7	0.044	33200	0.598
50001 – 100000	7	0.044	48499	0.874
100001 & above	22	0.139	3203582	57.734
TOTAL:				

Shareholding Pattern as on 30.06.2004:

S. No.	Category of Shareholders	No. of Shares held	% of Share Holding
A.	Promoter's Holding		
1.	Promoters		
	- Indian Promoters	2580283	46.501
	- Foreign Promoters	0	0.000
2.	Persons acting in concert #	0	0.000
	Sub-Total	2580283	46.501

GARWARE SYNTHETICS LIMITED

S. No.	Category of Shareholders	No. of Shares held	% of Share Holding
B.	Non-Promoters Holding	0	0.000
3.	Institutional Investors	0	0.000
a.	Mutual Funds and UTI	0	0.000
b.	Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/Non Govt. Inst.)	100	0.002
c.	FIs	0	0.000
	Sub-Total	100	0.002
4.	Others		
a.	Private Corporate Bodies	652167	11.753
b.	Indian Public	2138750	38.544
c.	NRIs/OCBs	177600	3.201
d.	Any other (please specify) -	0	0.000
	Sub-Total	2968517	53.497
	Grand Total ...	5548900	100.000
	Total Foreign shareholding :	177600	3.201

Dematerialisation of Shares & Liquidity

The shares of the Company are under compulsory demat segment and are listed on Stock Exchanges at Mumbai, Delhi, Madras, Vadodara & Kolkata. The Company's shares are available for trading in the depository of both NSDL & CDSL.

Outstanding Convertible Instruments

There are no outstanding convertible instruments.

Plant locations of the Company

Plot No.67, Station Road, Kanjur Marg (East), Mumbai 400 042.

Address for communication

The shareholders may address their communication, suggestions, grievances and queries to **Plot No.67, Station Road, Kanjur Marg (East), Mumbai - 400 042.**

Report on Corporate Governance

This chapter, read together with the information given in the chapter titled as Management Discussion and Analysis constitute a detailed compliance report on Corporate Governance during 2003-04.

Auditor's Certificate on Corporate Governance

The Company has obtained the certificate from the Auditors of the Company regarding compliance with the provisions relating to corporate governance laid down in Clause 49 of the Listing Agreement with the Stock Exchanges. This report is annexed to the Directors' Report for the year 2003-04. This certificate will be sent to the stock exchanges, along with Annual Report to be filed by the Company.

Recommendations on Corporate Governance to the Members of M/s. Garware Synthetics Limited

We have examined the compliance of the conditions of Corporate Governance by M/s. Garware Synthetics Limited for the year ended 30th June, 2004 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, the Company has, by & large, complied with the conditions of corporate Governance as stipulated in the above Listing Agreement.

We state that in respect of investor grievances received during the year ended 30th June, 2004 no investor grievances are pending against the company as on 30.09.2004 as per the records maintained by the Company and presented to the Investor / Shareholders Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Marathe, Ponshe & Associates,
Chartered Accountants,

Sd/-
H.Y. Ponshe
Partner

Place: Mumbai

Date: 16th November, 2004

GARWARE SYNTHETICS LIMITED

MARATHE PONKSHE & ASSOCIATES CHARTERED ACCOUNTANTS

27. SHIVTIRTH, OPP SARASWATI HIGH SCHOOL,
KOPARI, NAUPADA,
THANE (WEST) - 400 602.

AUDITORS' REPORT

TO THE MEMBERS OF GARWARE SYNTHETICS LIMITED.

1. We have audited the attached Balance Sheet of GARWARE SYNTHETICS LIMITED as at 30th June 2004 and the Profit & Loss Account of the Company for the year ended on that date annexed thereto. 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 audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. 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 examination, 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 provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order 2003, issued by the Central Government of India under Section 227(4A) of the Companies Act 1956 and on the basis of such checks of the books and record of the company, as were considered appropriate and on the basis of information and explanation given to us during the course of our audit, we enclose in the Annexure and statement on the matters specified in the paragraph 4 & 5 of the said order, to the extent applicable to the company.
4. Further to the above, we report that:
 - a) We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of accounts as required by the law have been kept by the Company so far as appears from our examination of such books.
 - c) The Balance Sheet and Profit & Loss Account and Cash Flow statement referred to in this report are in agreement with the books of accounts.
 - d) In our opinion the Balance Sheet and the Profit & Loss Account and Cash Flow statement dealt with by this report comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956.
 - e) On the basis of the written confirmations received from the directors, we report that prima facie none of the Directors of the Company are disqualified as on 30.06.2004, from being appointed as Directors under Section 274 (1) (g) of the Companies Act, 1956.
 - f) In our opinion and to the best of our knowledge and according to the explanations given to us, the said Balance Sheet and Profit & Loss Account and Cash Flow statement read with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and also give true and fair view in conformity with the accounting principles, generally accepted in India: -
 - i. In the case of Balance Sheet of the state of affairs of the Company as at 30.06.2004.
 - ii. In the case of Profit & Loss Account of the loss for the year ended on that date.
 - iii. In case of Cash Flow statement of the Cash Flows for the year ended on that date.

M/s.MARATHE PONKSHE & ASSOCIATES
CHARTERED ACCOUNTANTS

PLACE : MUMBAI
DATED : 16-11-2004

(H.Y.PONKSHE)
PARTNER

ANNEXURE TO THE AUDITOR'S REPORT FOR THE YEAR ENDED 30TH JUNE 2004

Re : GARWARE SYNTHETICS LIMITED.

Referred to in paragraph 3 of our report of even date.

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of all Fixed Assets.

b) The Fixed Assets have been physically verified by the management during the year, in accordance with its system of physical verification of all assets once a year. No material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.

c) In our opinion there is no disposal of Fixed Assets during the year, the preparation of financial statements does not affect the going concern assumption.
2. a) The stocks of Finished Goods, Raw Materials, Work In Progress, Stores & Spare Parts and Packing Material have been verified during the year by the management. In our opinion, the frequency of verification is reasonable.

b) The procedure for physical verification of stocks followed by management is reasonable and adequate, in relation to the size of the company and the nature of its business.

c) The discrepancies notices, on verification, between the physical stocks and the books were not material.
3. a) The company has not taken any loans, secured or unsecured from companies that are listed in the register maintained under Section 301 of the Companies Act, 1956.

b) The Company has granted interest free loans to a Company listed in the register maintained under Section 301 of the Companies Act, 1956 in respect of which no stipulation has been made as to repayment of principal. The Company has also given interest free deposits to companies in which some of the directors are interested without stipulation as to repayment of principal. The maximum balance outstanding is Rs.150510/- during the year.

c) In our opinion terms and conditions of the loan given by the company are prima facie prejudicial to the interest of the company.

d) The payment of principal amount and interest was not paid during the year.

e) There are overdue amounts to the extent of Rs.150510/-.
4. 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 Purchase of Stores, Raw Materials and Fixed Assets, and with regard to the Sale of Goods.
5. a) In our opinion and according to the information and explanations given to us, the transactions of purchases and/or of Sales, made in pursuance of contracts or arrangements entered in the registers maintained under Section 301 of the Companies Act, 1956 and aggregating to Rs.500000/- or more during the year.

b) In our opinion that these transaction have made at reasonable prices having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanation given to us the company has not accepted any deposits from the public within the meaning of Section 58A & 58AA of the Companies Act, 1956 during the year.
7. The Company has no internal audit system, which in our opinion is commensurate with the size and nature of its business.

GARWARE SYNTHETICS LIMITED

8. As informed to us the maintenance of cost record has not been prescribed by the Central Government U/s. 209 (1)(d) of the Companies Act, 1956 in respect of activities carried on by the Company.

9. a) The Company has generally not paid the dues of Provident Fund, E.S.I.C., Sales Tax, T.D.S. and Professional Tax in time. The total undisputed amount unpaid as on 30.06.2004 is Rs.103.88 Lakhs.

b) According to the information and explanations given to us there are undisputed amounts payable in respect of Provident Fund, E.S.I.C., Sales Tax, T.D.S. and Professional Tax outstanding at the year end for a period of more than six months from the date they become payable.

The Company has worked out the settlement with the Provident Fund Department and dues are being paid as per the schedule fixed by them.

c) According to the information and explanation given to us as at 30.06.2004 the following are the particulars of the disputed dues on account of statutory matters that have not been deposited.

Name of the Statute	Amount in Lakhs	Forum where dispute amount is pending
Sales Tax	206.28 4.21	Appellate Tribunal Deputy Commissioner (Appeals)
Income Tax	61.47	High Court, Mumbai
D.G.F.T.	40.00	Dy.Director, DGFT, Mumbai.

10. The Company has accumulated losses at the end of the financial year and it has incurred cash losses in the current and immediately preceding financial year.

11. According to the information and explanation given to us and the records examined by us the Company has defaulted in repayment of dues to a financial institution and bank. The Company has not issued any debentures.

12. According to the information and explanation given to us and the records examined by us company has not granted a loan on the basis of security by way of pledge of shares.

13. In our opinion and according to the information and explanation given to us the nature of activities of the Company does not attract any special status applicable to chit fund and nidhi/mutual benefit funds/societies.

14. According to the information and explanation given to us the Company has given guarantees for loan taken by others from banks and financial institution, the terms and conditions whereof are prima facie prejudicial to the interest of the company. However, the said loan is defaulted by the borrower.

15. As informed to us no term loans were taken by the company during the year.

16. On the basis of overall examination of the balance sheet and cash flows of the company and the information and explanation given to us we report that the company, in past has utilized funds raised on short term basis for long term investments and vice-versa.

17. The company has not made any preferential allotment of shares to the parties or companies covered U/s. 301 of the Act.

18. According to the information and explanation given to us company has not issued any debentures during the year.

19. The company has not raised any money through public issue during the year.

20. According to the information and explanation given to us no fraud on or by the company has been noticed or reported during the course of our audit.
21. The company is a Sick Industrial Company within the meaning of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provision) Act 1985. The Company has made reference to BIFR and same stands registered as case no. 295/2001.

M/S.MARATHE PONKSHE & ASSOCIATES
CHARTERED ACCOUNTANTS

PLACE : MUMBAI
DATED : 16-11-2004

(H.Y.PONKSHE)
PARTNER

GARWARE SYNTHETICS LIMITED

BALANCE SHEET AS AT 30TH JUNE, 2004

	Schedule	As at 30.06.2004 Rs.	As at 30.06.2003 Rs.
SOURCES OF FUNDS :			
SHAREHOLDERS FUNDS :			
Share Capital	A	55,489,000	55,489,000
Reserves & Surplus	B	99,771,081	99,771,081
		<u>155,260,081</u>	<u>155,260,081</u>
LOAN FUNDS			
Secured Loans	C	51,633,446	61,477,976
Unsecured Loans	D	52,926,661	44,583,885
		<u>104,560,107</u>	<u>106,061,861</u>
TOTAL		<u><u>259,820,188</u></u>	<u><u>261,321,942</u></u>
APPLICATION OF FUNDS			
FIXED ASSETS :			
Gross Block	E	195,067,793	194,957,494
Less: Depreciation		<u>80,833,088</u>	<u>78,833,992</u>
		114,234,705	116,123,502
INVESTMENTS :			
Net Current Assets :	F	9,000,750	9,000,750
Current Assets, Loans and			
Advances	G	59,041,281	66,959,206
Less: Current Liabilities & Provisions	H	<u>66,874,970</u>	<u>66,836,361</u>
		(7,833,689)	122,845
MISCELLANEOUS EXPENDITURE			
(to the extent not written off	I	-	145,068
Profit & Loss Account		<u>144,418,422</u>	<u>135,929,777</u>
TOTAL		<u><u>259,820,188</u></u>	<u><u>261,321,942</u></u>
Notes to the Accounts	L		

AS PER OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

M/S. MARATHE PONKSHE & ASSOCIATES

CHARTERED ACCOUNTANTS

(H.Y.PONKSHE)

PARTNER

(N.C.GARWARE)

(S.K.MOOLYA)

(R. G. CHANDORKAR)

(VINAY NAGAONKAR)

VICE CHAIRMAN & MANAGING DIRECTOR

DIRECTOR

DIRECTOR

COMPANY SECRETARY

PLACE : MUMBAI
DATED : 16-11-2004

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 30TH JUNE, 2004

	Schedule	As at 30.06.2004 Rs.	As at 30.06.2003 Rs.
INCOME			
Sales		42,652,525	44,038,651
Other Income	J	457,765	3,763,976
TOTAL		43,110,290	47,802,627
EXPENDITURE			
Manufacturing & Other Expenses	K	44,008,615	47,945,637
Excise Duty		5,272,240	5,929,717
INTEREST :		1,73,916	182,330
Preliminary Expenses		1,45,068	4,79,150
Depreciation		1,999,096	3,021,651
		51,598,935	57,558,485
Profit for the year before Taxation		(8,488,645)	(9,755,858)
Provision for Tax		0	0
Profit after Tax		(8,488,645)	(9,755,858)
Balance Brought Forward		(135,929,777)	(126,173,919)
Balance available for appropriation		(144,418,422)	(135,929,777)
Appropriated as follows :			
Proposed Dividend (Subject to Deduction of tax)		0	0
Balance carried to Balance Sheet		(144,418,422)	(135,929,777)
TOTAL		(144,418,422)	(135,929,777)

AS PER OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

M/S. MARATHE PONKSHE & ASSOCIATES

CHARTERED ACCOUNTANTS

(H.Y.PONKSHE)
 PARTNER
(N.C.GARWARE)

VICE CHAIRMAN & MANAGING DIRECTOR

(S.K.MOOLYA)

DIRECTOR

(R. G. CHANDORKAR)

DIRECTOR

(VINAY NAGAONKAR)

COMPANY SECRETARY

PLACE : MUMBAI

DATED : 16-11-2004

GARWARE SYNTHETICS LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 30TH JUNE, 2004

	As at 30.06.2004 Rs.	As at 30.06.2003 Rs.
SCHEDULE 'A' - SHARE CAPITAL		
AUTHORISED :		
99,50,000 (Previous Year 99,50,000)	99,500,000	99,500,000
Equity Shares of Rs.10/- each		
5,000 Preference Shares (Previous Year 5,000) of Rs.100/- each	500,000	500,000
TOTAL :	<u>100,000,000</u>	<u>100,000,000</u>
ISSUED, SUBSCRIBED AND PAID-UP :		
55,48,900 Equity Shares of Rs.10/- each	55,489,000	55,489,000
	<u>55,489,000</u>	<u>55,489,000</u>
SCHEDULE 'B' - RESERVES AND SURPLUS		
CAPITAL RESERVE	87,045,481	87,045,481
SHARE PREMIUM	11,669,500	11,669,500
INVESTMENT ALLOWANCE		
(UTILISED) RESERVE :	1,056,100	1,056,100
TOTAL :	<u>99,771,081</u>	<u>99,771,081</u>
SCHEDULE 'C' - SECURED LOANS		
SHORT TERM :		
Cash Credit	26,720,318	29,414,848
Bills Discounting	5,490,728	5,490,728
Packing Credit	572,400	572,400
(Secured by hypothecation of raw materials, work-in-progress, finished goods and book-debts)		
From a Bank	18,850,000	26,000,000
TOTAL	<u>51,633,446</u>	<u>61,477,976</u>
SCHEDULE 'D' - UNSECURED LOANS		
From Others	52,926,661	44,583,885
TOTAL :	<u>52,926,661</u>	<u>44,583,885</u>

SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 30TH JUNE, 2004

SCHEDULE 'E' FIXED ASSETS

TYPE OF ASSET	GROSS BLOCK			DEPRECIATION					NET BLOCK	
	As at 30.06.03	ADDITION DEDUCTION	SALE	As at 30.06.04 (1)+(2)-(3)=	As at 30.06.03	DURING THE YEAR	ON ASSETS SOLD TRANS- FERRED	As at 30.06.04 (5)+(6)-(7)	As at 30.06.04 48	As at 30.06.03 1-5
	1	2	3	4	5	6	7	8	9	10
Land and Development	100,000,000			1,00,000,000	0			0	100,000,000	100,000,000
Leasehold Land	995,561			995,561	0			0	995,561	995,561
Building	7,123,859			7,123,859	2,541,351	237,937		2,779,288	4,344,571	4,582,508
Plant and Machinery	82,618,807	85,196		82,704,003	73,139,147	1,504,873		74,644,020	8,059,983	9,479,660
Furniture and Fixtures	1,032,182			1,032,182	632,040	53,625		685,665	346,517	400,142
Electrical Fittings	513,075			513,075	223,878	17,137		241,015	272,060	289,197
Vehicles	988,768			988,768	904,839	14,079		918,918	69,850	83,929
Office Equipments	1,685,241	25,103		1,710,344	1,392,737	171,445		1,564,182	146,162	292,504
TOTAL	1,94,957,493	1,10,299	0	1,95,067,792	78,833,992	1,999,096		80,833,088	114,234,704	116,123,501
Previous Year	1,94,949,473	8,020	0	1,94,957,493	75,812,341	3,021,651		78,833,992	116,123,501	119,137,132

GARWARE SYNTHETICS LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 30TH JUNE, 2004

	As at 30.06.2004 Rs.	As at 30.06.2003 Rs.
SCHEDULE 'F': INVESTMENTS		
UNQUOTED :		
25 (Previous Year 25) Equity Shares of Rs. 10/- each of the North Bombay Central Co-operative Consumers wholesale and Retail Stores Ltd. fully paid-up)	250	250
90,000 Equity Shares of Rs. 100/- each of Nihal Cast Nylon Pvt. Ltd. fully paid-up (Previous Year RS.90,00,000)	9,000,000	9,000,000
20 Equity Shares of Rs.25/- each of Raghuvanshi Co-op. Bank Ltd. fully paid up (Previous year RS.500)	500	500
TOTAL	9,000,750	9,000,750
SCHEDULE 'G'		
CURRENT ASSETS, LOANS AND ADVANCES		
(A) CURRENT ASSETS		
(a) Inventories		
(As taken valued & certified by the management)		
Raw Material	140,071	308,280
Work-In Progress	238,688	141,194
Finished Goods	2,067,127	3,054,891
Goods In Transit	38,476	298,636
Stores, Spares and Packing Materials	644,757	685,007
	3,129,119	4,488,008
(b) Sundry Debtors		
(Unsecured considered good)		
Debts outstanding for more than 6 months :	42,226,500	49,601,827
Other debts	3,166,500	2,942,891
	45,393,000	52,544,718
(c) Cash and Bank Balances		
Cash on hand	163,595	288,886
Bank Balances		
With Scheduled Banks		
In Current Accounts	517,338	108,411
In Margin Deposit A/cs	912,771	902,771
P. O. Savings A/c	1,000	1,000
	1,594,704	1,301,068
	50,116,823	58,333,794

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 30TH JUNE, 2004

	As at 30.06.2004 Rs.	As at 30.06.2003 Rs.
(B) LOANS AND ADVANCES		
Unsecured Considered Good		
Advances recoverable in cash		
or in kind (Incl.Rs.NIL/-)		
due from companies in which		
Directors are interested		
(Previous Year Rs.NIL)	3,620,751	3,252,908
Advance Taxes paid and		
tax deducted at source	150,000	150,000
Deposits with others		
(Incl.Rs.Nil due from		
Companies in which Directors are		
interested (Previous Year:Rs.Nil)	3,880,595	3,890,595
Balance with Excise Authorities	1,273,112	1,331,909
TOTAL :	59,041,281	66,959,206
SCHEDULE 'H'		
CURRENT LIABILITIES AND PROVISIONS		
(A) Current Liabilities		
Sundry Creditors	36,203,523	31,206,710
Other Liabilities	30,671,447	35,629,651
TOTAL	66,874,970	66,836,361
SCHEDULE 'I'		
MISCELLANEOUS EXPENDITURE		
(to the extent not written off		
or adjusted)		
As per last Balance Sheet	145,068	624,218
Less: Written off during the year	145,068	479,150
TOTAL	-	145,068

GARWARE SYNTHETICS LIMITED

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 2004

	As at 30.06.2004 Rs.	As at 30.06.2003 Rs.
SCHEDULE 'J'		
OTHER INCOME		
Sundry Balances written back	359,441	3,677,491
Miscellaneous Income	98,324	86,485
TOTAL	457,765	3,763,976
SCHEDULE 'K'		
MANUFACTURING AND OTHER EXPENSES		
CONSUMPTION OF RAW MATERIALS & OTHER CHARGES		
Opening stock of Raw Materials	308,280	258,823
Add : Purchases	21,582,507	23,783,469
	<u>21,890,787</u>	<u>24,042,292</u>
Less : Closing Stock	140,071	308,280
Raw Material consumed	21,750,716	23,734,012
Purchase of Traded goods	-	64,205
Stores, Spares, & Packing		
Material consumed	1,891,782	1,741,919
Power, Water & Fuel charges	3,642,932	4,254,298
Processing charges	2,016,490	2,190,972
	<u>29,301,920</u>	<u>31,985,406</u>
EMPLOYEES REMUNERATION & BENEFITS		
Salaries, Wages & Bonus	7,392,387	8,140,741
Contribution to Provident and other Funds	747,764	860,167
Staff Welfare	187,832	192,902
	<u>8,327,983</u>	<u>9,193,810</u>
Sub-total 'A'	37,629,903	41,179,216

	As at 30.06.2004 Rs.	As at 30.06.2003 Rs.
ADMINISTRATIVE, SELLING & GENERAL EXPENSES		
Advertisement and Sales Promotion	100,627	179,869
Rent, Rates and Taxes	655,209	656,961
Insurance	7,775	6,599
Repairs & Maintenance :	213,916	183,162
Freight and Forwarding Charges	660,197	957,609
Directors sitting fees	-	-
Legal and Professional charges	641,290	698,399
Travelling and Conveyance	444,591	440,459
Commission and Discount on Sales	135,419	141,643
Bad Debts	35,512	-
Service Charges	246,650	254,167
Telephone Charges	421,554	352,143
Printing & Stationery	171,853	173,335
Motor Car Expenses	267,169	120,276
Watch & Ward Expenses	342,382	590,654
Research & development Expenses	54,600	52,900
Other Expenses	829,538	1,043,617
Sub-total 'B'	<u>5,228,282</u>	<u>5,851,793</u>
Add : (Accretion to) Depletion of stock of finished goods and Work-in-progress) :		
Opening Stock		
Work-In-Progress	141,194	399,435
Finished Goods	<u>3,353,527</u>	<u>4,009,914</u>
	3,494,721	4,409,349
Less : Closing Stock		
Work-In-Progress	238,688	141,194
Finished Goods	<u>2,105,603</u>	<u>3,353,527</u>
	2,344,291	3,494,721
Sub-total 'C'	<u>1,150,430</u>	<u>914,628</u>
Total Manufacturing & Other Expenses (A+B+C)	<u>44,008,615</u>	<u>47,945,637</u>

GARWARE SYNTHETICS LIMITED

SCHEDULE 'L'

NOTES FORMING PART OF THE ACCOUNTS :

1. Significant Accounting Policies

a) System of Accounting

The company adopts the accrual concepts in preparation of accounts.

b) Fixed Assets

i. Fixed Assets purchased are capitalized at acquisition cost including directly attributable cost of bringing the assets to their working conditions for intended use and also including an appropriate share of incidental expenditure during construction.

ii. Depreciation:

Depreciation on fixed assets is provided on straight-line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

On written down value method on all assets purchased before 01.04.1978.

On straight-line method on the original cost and additions on revaluation on all assets purchased after 31.03.1978.

Depreciation on additions is computed on pro-rata basis from the date of acquisition/purchase.

c) Inventories:

Items of inventory are valued on the basis given below:

i) Stores and spares – At cost.

ii) Raw Material and Packaging Materials – At cost.

iii) Stock-in Process and Finished Stocks of Manufactured Product Valued At.

Stock in Process is valued at direct cost and stocks of manufactured products are valued on the basis of direct cost or market rate whichever is lower.

d) Treatment of Retirement Benefits:

Retirement benefits are accounted for only on the crystallization of liability. However, the amount of Gratuity for 22 employees is crystallized for Rs.12,62,548/- + Int. as per order dated 01/07/03 after considering 50% Payment already made by company to Employees and for 17 employees for Rs.20,98,521/- + Int. as per order dated 07/08/03 passed by the Hon. Controlling Authority Under Payment of Gratuity Act, 1972 for which presently no provisions are made in the Books of Accounts.

e) Investments:

Investments are stated at cost inclusive of related expenses.

f) Deferred Tax Liability:

In view of accounting standard No.22, the incidence of deferred tax liability On the company for the year under audit is Rs. Nil.

2. Figures for the previous year have been regrouped, and reclassified and rounded off wherever necessary to conform to the current year's figures.
3. Revaluation of plant and machinery and Building has been made during the year ended 31st March 1992, on the basis of Valuation Report submitted by Mr. V.S. Pandit. The increase in value of these assets amounting to Rs.14.79 crores has been credited to the Capital Reserve.

4. Inter Company transactions balance as on date is as follows :

Name of the Company	Amount (Rs.)	Nature of Transaction
Garware Polymers P.Ltd.	55,000/-	Advance against raw material
Nihal Cast Nylon P.Ltd.	95,510/-	Advance against raw material

5. Managerial Remuneration

Remuneration of Managing Director & Wholetime Director

	30.06.04	30.06.03
a. Salaries	2,46,900/-	2,46,900/-
b. Perquisites	63,000/-	37,800/-
c. Contribution to Provident & Other Funds	35,628/-	41,628/-
Total	3,45,528/-	3,26,328/-

6. Auditors Remuneration :

	Year Ended 30.06.2004	Year Ended 30.06.2003
Audit Fees :		
Tax Audit Fees :	27,550/-	27,000/-
Other Matters :		

7. Capacity & Prodn. :	Unit	Licenced Capacity	Installed Capacity	Production (Net of Wastage)
a.				
Nylon Products	MT	1620 (1620)	578 (578)	204.772 (233.191)
Teflon Products	MT		7 (7)	(NIL) (NIL)
Miscellaneous	MT		135 (135)	
b. Stock of Finished Goods:		Year Ended 30.06.04		Year Ended 30.06.03
	Qty.	Value	Qty.	Value
i. Opening Stocks :				
Nylon Products	15,470	32,10,071	18.123	40,09,914
Teflon Products				
ii. Closing Stocks :				
Nylon Products	8,620	21,05,503	15.470	32,10,071
Teflon Products				

GARWARE SYNTHETICS LIMITED

c.	Traded Goods	Opening Stocks Value	Purchases Value	Closing Stocks Value
	Nylon & Consumer Product	-	(64,205)	-
d.	Sales	Year Ended 30.06.2004	Year Ended 30.06.2003	
		Qty.	Value	Qty.
				Value
	Nylon Products	210.002	4,26,52,525	237.464
				4,40,38,651
e.	Value of Imports on C.I.F. Basis			
	Raw Materials	-	Stores & Spares	-
f.	Raw materials consumed			
	Nylon	204.772	2,17,50,716	230.886
				2,37,34,012
g.	Value of Imported & Indigenous Raw Materials & Stores & spares Consumed :			
		Current Year	Previous Year	
		Value	% age	Value
				% age
	Raw Materials :			
	Imported	-	-	9,46,360
				3.99%
	Indigenous	<u>2,17,50,716</u>	<u>100 %</u>	<u>2,27,87,652</u>
				96.01%
		<u>2,17,50,716</u>	<u>100%</u>	<u>2,37,34,012</u>
				100%
	Stores & Spares :			
	Imported	-	-	-
	Indigenous	18,91,782	100%	17,41,919
				100%
		<u>18,91,782</u>	<u>100%</u>	<u>17,41,919</u>
				100%
8.	Earnings In Foreign Currency :	Current Year (Rs.)	Previous Year (Rs.)	
	Exports on F.O.B. Basis	14,16,341	6,96,280	
9.	Expenditure in Foreign Currency :	-	-	
10.	Sundry Debtors, Sundry Creditors and Bank Balances are taken subject to confirmation. In our opinion Sundry Debtors amounting to Rs.3.11 Crores are not likely to be recovered in near future.			
11.	No provision has been made for tax in the absence of taxable profits.			
12.	In view of absence of adequate profits in terms of Sec. 349 and 309 of the Companies Act, 1956 Commission is not payable to the Managing Director.			
13.	Contingent Liabilities not provided for :			
	The Company has provided corporate guarantee to SICOM for Rs.51 Lakhs for the loan given to its associate Company.			
	Provident Fund Commissioner has filed a Suit in the Court for recovery of their dues. The Company is paying Provident Fund dues as per schedule fixed by the Provident Fund authorities.			



Bank of Baroda & Indian Overseas Bank has filed a Suit in Debt Recovery Tribunal for Recovery of Advances granted by them. However One Time Settlement has been negotiated with the Bank of Baroda & Indian Overseas Bank and payment of 25% of One Time Settlement amount has already deposited with the Bank. However no provision has been made in the books for the interest on both these borrowings.

No provision has been made for interest payable on unsecured Loans of Rs. 50 Lakhs from Unit Trust of India. The said loan is guaranteed by pledge of personal share investment by the Directors. However the Company is negotiating to settle the claim.

SIGNATURES TO SCHEDULES 'A' TO 'L'**As per Our Report of even date****FOR MARATHE PONKSHE & ASSOCIATES**
CHARTERED ACCOUNTANTS**FOR GARWARE SYNTHETICS LIMITED****(H.Y.PONKSHE)**
PARTNER**(N. C. GARWARE)**
VICE CHAIRMAN & MANAGING DIRECTOR**(S. K. MOOLYA)**
DIRECTOR**(R. G. CHANDORKAR)**
DIRECTOR**PLACE : MUMBAI**
DATED : 16.11.2004**(VINAY NAGAONKAR)**
COMPANY SECRETARY

GARWARE SYNTHETICS LIMITED

BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE

1. REGISTRATION DETAILS

REGISTRATION No: 11-14371
BALANCE SHEET DATE: 30TH JUNE 2004

STATE CODE: 11

2. CAPITAL RAISED DURING THE YEAR:

PUBLIC ISSUE
NIL
BONUS
NIL

RIGHT ISSUE
NIL
PROMOTORS CONTRIBUTION
NIL

3. POSITION OF MOBILISATION AND DEVELOPMENT OF FUNDS :

[RS.IN.THOUSAND]

TOTAL LIABILITIES
259820

TOTAL ASSETS
259820

SOURCES OF FUNDS:

PAID UP CAPITAL
55489
SECURED LOANS
51633

RESERVES & SURPLUS
99771
UNSECURED LOANS
52927

APPLICATION OF FUNDS :

NET FIXED ASSETS
114234
NET CURRENT ASSETS
(7833)

INVESTMENTS
9000
MISC EXPENDITURE

4. PERFORMANCE OF COMPANY

(RS.IN.THOUSANDS)

TURNOVER
42652
PROFIT BEFORE TAX
(8488)

TOTAL EXPENDITURE
51598
PROFIT AFTER TAX
(8488)

5. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF COMPANY

ITEM CODE NO.(ITC CODE)
PRODUCT DESCRIPTION
ITEM CODE NO. (ITC CODE)
PRODUCT DESCRIPTION
ITEM CODE NO. (ITC CODE)
PRODUCT DESCRIPTION

540210
NYLON BRISTLES
39172101
NYLON TUBINGS
391601009
NYLON RODS

AS PER OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS.

M/S. MARATHE PONKSHE & ASSOCIATES
CHARTERED ACCOUNTANTS

N.C.GARWARE
VICE CHAIRMAN & MANAGING DIRECTOR

(H.Y.PONKSHE)
PARTNER

S.K.MOOLYA
DIRECTOR

R. G. CHANDORKAR
DIRECTOR

PLACE : MUMBAI
DATED : 16.11.2004

VINAY NAGAONKAR
COMPANY SECRETARY

CASH FLOW STATEMENT

	2003-04	2002-2003
A. Cash Flow from operating activities		
Net profit before tax and extraordinary items	(8,488,645.00)	(9,755,858.00)
Adjustments		
Depreciation	1,999,096.00	3,021,651.00
Miscellaneous Expenses w/off	145,068.00	479,150.00
Interest Received	-	-
Sundry Balances w/Back	(359,441.00)	(3,677,491.00)
Miscellaneous Income	(98,324.00)	(86,485.00)
Operating Profit before working capital changes	(6,802,246.00)	(10,019,033.00)
Adjustments for		
Trade and others Receivables	6,852,672.00	3,619,961.00
Inventories	1,358,889.00	865,171.00
Trade and other Payables	38,609.00	4,455,749.00
Cash Generated from Operations	1,447,924.00	(1,078,152.00)
Taxes Paid	-	-
Interest and Finance charges	173,916.00	182,330.00
Net Cash From Operating Activities (A)	1,621,840.00	(895,822.00)
B. Cash Flow From Investing Activities		
(Increase)/Decrease in Invesments	-	-
Purchase of Fixed Assets (Net)	(110,299.00)	(8,020.00)
(Increase)/Decrease in Capital W.I.P	-	-
Interest Received	-	-
Miscellaneous Income	98,324.00	86,485.00
Net Cash Flow From Investing Activities (B)	(11,975.00)	78,465.00
C. Cash Flow From Financing Activities		
Proceeds From Shares	-	-
Proceeds From Share Premium	-	-
Increase/(Decrease) in unsecured loans	8,342,776.00	-
Increase/(Decrease) in secured loans	(9,844,530.00)	(2,425,421.00)
Interest and Finance charges	(173,916.00)	(182,330.00)
sundry balances w/Back	359,441.00	3,677,491.00
Dividend Outflow	-	-
Public Issue Expenses	-	-
Deferred Revenue Expenses	-	-

GARWARE SYNTHETICS LIMITED

CASH FLOW STATEMENT

	2003-04	2002-2003
Net Cash Flow From Financing Activities (C)	(1,316,229.00)	1,069,740.00
Net cash & Cash Equivalents	293,636.00	252,383.00
Opening Cash Balance	1,301,069.00	1,048,686.00
Closing Cash Balance	1,594,705.00	1,301,069.00

For and on behalf of the Board of Directors

N. C. GARWARE
VICE CHAIRMAN & MANAGING DIRECTOR

S. K. MOOLYA
DIRECTOR

R. G. CHANDORKAR
DIRECTOR

VINAY NAGAONKAR
COMPANY SECRETARY

PLACE : MUMBAI
DATED : 16.11.2004

AUDITORS' CERTIFICATE

We have verified the above Cash Flow Statement of Garware Synthetics Ltd. derived from Audited Financial statements and the books and records maintained by the Company for the period 01st July 2003 To 30th June 2004 and found the same in agreement therewith.

M/S.MARATHE PONKSHE & ASSOCIATE
Chartered Accountant

H. Y. PONKSHE
PARTNER

PLACE : MUMBAI
DATED : 16.11.2004



GARWARE SYNTHETICS LIMITED

Registered Office: Plot No. 67, Station Road, Kanjur Marg (East), Mumbai – 400 042

Nomination Form

(To be filled in by individual applying singly or jointly)
(if jointly, only upto two persons)

Form 2B

(See Rule 4CCC and 5D)

I / We _____ and _____
_____ the holders of Shares bearing Distinctive Nos. _____
_____ and Certificate Nos. _____ (applicable in case of hold-
ings in Physical Form) of **M/s. GARWARE SYNTHETICS LIMITED** wish to make a nomination and do hereby nominate
the following person in whom all rights of transfer and / or amount payable in respect of shares shall vest in the event of
my / our death.

Name and Address of Nominee

Name: _____

Address: _____

Pin Code: _____

Date of Birth*: _____ (* to be furnished in case the nominee is a minor)

** The Nominee is a minor whose guardian is _____

Name and Address _____

Pin Code: _____

(* * to be ignored if not applicable)

Signature: _____

Name: _____

Address: _____

Date: _____

Folio No:

Client ID No:

DP ID No:

Signature: _____

Name: _____

Address: _____

Date: _____

Signature of Two Witnesses

Name and Address of Witness

Signature with Date

1. _____

2. _____

(Read Instructions Overleaf)

For Office Use Only

Nomination Registration Number:

Date of Registration:

Checked by and Signature of Employee:

GARWARE SYNTHETICS LIMITED

Registered Office: Plot No. 67, Station Road, Kanjur Marg (East), Mumbai – 400 042

INSTRUCTIONS

1. The nomination can be made by individuals only applying / holding shares / debentures on their own behalf singly or jointly upto two persons. Non – individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family (HUF), holder of power of attorney cannot nominate. If the shares are held jointly all the joint holders will sign (as per the specimen registered with the Company) the nomination form.
2. A holder of shares can nominate a minor and in that event the holder shall give the name and address of the Guardian.
3. The nominee shall not be a trust, society, body corporate, partnership firm, Karta of Hindu Undivided Family (HUF), or a power of attorney holder.
4. Transfer of shares in favour of a nominee and repayment of amount to nominee shall be a valid discharge by a Company against the legal heir.
5. Nomination stand rescinded upon transfer of Shares.
6. Upon the receipt of a duly executed nomination form, the Company will register the form and allot a registration number. This number and folio no. should be quoted by the nominee in all future correspondence.
7. The nomination can be varied or cancelled by executing a fresh nomination form.