



GARWARE MARINE INDUSTRIES LIMITED



TWENTIETH ANNUAL REPORT 1996-97

MD			BKC	✓
CS	✓		DPY	✓
RO	✓		DIV	✓
TRA	116		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		



GARWARE MARINE INDUSTRIES LIMITED

FOUNDER:- PADMA BHUSHAN LATE DR. B.D. GARWARE - Founder of the Garware Group

BOARD OF DIRECTORS

ASHOK GARWARE
(Chairman)

S. S. WAKANKAR

ADITYA GARWARE

S. N. GUPTA

S. S. KULKARNI

R. P. MAKHIJA

COMPANY SECRETARY

C. V. RAMACHANDRAN

BANKERS

The United Western Bank Ltd.
The Shamrao Vithal Co-op. Bank Ltd.

AUDITORS

Kuvelker Naik & Gandhi,
Chartered Accountants.

SOLICITORS

Crawford Bayley & Co.
Ramesh Makhija & Co.

REGISTERED OFFICE

3rd Floor, Chandermukhi,
Nariman Point,
Mumbai - 400 021.

FACTORIES

Unit No. 1:
E-9/10, M.I.D.C. Industrial Area,
Ahmednagar-414 001 (Maharashtra)

Unit No. 2:
K-2, M.I.D.C. Industrial Area, Chikalhana,
Aurangabad-431 001 (Maharashtra)

GARWARE MARINE INDUSTRIES LIMITED

NOTICE

Notice is hereby given that the Twentieth Annual General Meeting of **Garware Marine Industries Limited** will be held on Friday, the 27th February, 1998 at 9.30 a.m. at 'Garware Sabhagriha', F.P.H. Building, Lala Lajpatrai Marg, Mumbai-400 034 to transact the following business:-

Ordinary Business

1. To receive and adopt the Audited Balance Sheet as at 31st August, 1997, the Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. R.P. Makhija who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

By Order of the Board of Directors

C.V. RAMACHANDRAN
Company Secretary

Registered Office:

3rd Floor,
Chandermukhi,
Nariman Point,
Mumbai - 400 021.

Date: 3rd February, 1998.



**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL ONLY INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 20th February 1998 to 27th February 1998 (both days inclusive).
3. For the convenience of Members, an Attendance Slip is annexed to the Proxy Form. Members are requested to fill in and put their Signatures at the space provided therefor and hand over the Attendance Slip at the entrance of the place of the Meeting. Proxy/Representative of a Member should mark on the Attendance Slip as 'Proxy' or 'Representative' as the case may be. Members are also requested not to bring with them any person who is not a Member/Proxy.
4. Members are requested to notify the change in address, if any, immediately, quoting their Folio Number, Number of Shares held, etc.

REQUEST TO THE MEMBERS

5. Members desiring any information on the Accounts at the Annual General Meeting are requested to write to the Company at least ten days in advance of the Annual General Meeting so as to enable the Company to keep the information ready. Only the information which could be furnished will be furnished to the Members.
6. Members are requested to bring their copy of the Annual Report at the Meeting.



DIRECTORS' REPORT

FOR THE PERIOD ENDED 31ST AUGUST, 1997.

TO THE MEMBERS

1. Your Directors have pleasure in presenting the Company's Twentieth Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st August, 1997:

2. FINANCIAL RESULTS :

	<u>1996-97</u> (Rupees)	<u>1995-96</u> (Rupees)
Profit/(Loss) before Interest, Depreciation, and Tax	1,73,73,603	(1,45,48,179)
Interest	1,21,01,563	90,17,406
Profit/(Loss) before Depreciation and tax	52,72,040	(2,35,65,585)
Depreciation and tax	8,24,906	45,43,601
Profit/(Loss) for the year	<u>44,47,134</u>	<u>(2,81,09,186)</u>

The above figures include prior period adjustments of Rs. 0.44 lacs (as against Rs. 8 lacs for the previous year).

3. OPERATIONS:

The production of fish knitted fabrics during the year ended 31st August, 1997 amounted to 376 MT as against 414 MT during the previous year, a drop of 9%. Production of twine for sale during the year was 105 MT as against 155 MT. The main reason for this drop in production was a major fire in the Company's Ahmednagar plant in the month of December, 1996. The plant's operations were adversely affected for approximately 4 to 5 months. Had it not been for the fire, the Company's production would have been substantially higher for the year. The production of PVC Floats was 100 MT as against 40 MT during the previous year, an increase of 150%. The production of Nylon Monofilament Yarn was Nil against 10 MT for the previous year, on account of changing market requirements.

Sales during the year amounted to Rs. 1866 lacs as against Rs. 4636 lacs for the previous year, a decrease of 59%. This reduction is attributed to the reduction of trading activities of your Company. The Company has earned a profit of Rs. 52.72 lacs, prior to depreciation and provision for tax (as against a loss of Rs. 235.65 lacs for the previous year) inspite of lower turnover and the fire which adversely affected the operations of the company.



Though the situation is now under control and near normalcy has also been attained in terms of production, the fishing season has recently been gloomy and has taken a turn for the worse in the past 4 to 6 months. Fishermen are claiming this season to be the worst in their life time. Demand for the Company's products has substantially declined, but we believe that this phenomenon is temporary in nature and normalcy is expected shortly - signs of which are already on the horizon.

The Company's insurance claim on account of the fire has been settled at Rs. 69.42 lakhs.

4. FIXED DEPOSITS:

At the end of the year under review 38 deposits amounting to Rs. 1,45,000/- had matured for repayment and have since been paid. Twenty three deposits totalling Rs. 1,33,000/- have remained unclaimed as on date.

5. DIRECTORS:

Mr. S.S. Kulkarni, Director of the Company retires by rotation.

Mr. R.P. Makhija retires by rotation and being eligible offers himself for reappointment.

Mr. R.D. Malani, Director of the Company, resigned from the Board of Directors on 23rd January, 1998.

6. AUDITORS:

You are requested to appoint Auditors for the current year ending 31st August, 1998 and to fix their remuneration. The retiring Auditors, M/s. Kovelker Naik & Gandhi, Chartered Accountants are eligible for re-appointment and have certified that their appointment will be within the limits prescribed under Section 224(1-B) of the Companies Act, 1956.

With regard to item 2(d)(II) of the Auditor's Report, we state that an independent firm of Chartered Accountants has successfully completed the bank reconciliation work and partywise reconciliation of Sundry Debtors and Sundry Creditors is in progress. With regard to item 2(d)(III) the Company follows the practice of debiting gratuity as and when actually paid.

With reference to item 9 of the Annexure to the Auditor's Report, we state that the transactions pertaining to Group Companies are ongoing transactions, and are subject to reconciliation - which is in progress. In the opinion of Board of Directors, any amounts owed from their companies are recoverable and good, save and except Garware Nylons Limited, which is in liquidation.

7. PERSONNEL:

The relations with employees at both the plants and the Head office of the Company have remained cordial.

The company did not have any employee falling within the purview of Section 217(2A) of the Companies Act, 1956.

8. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

As required under Rule 2 of the Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988, the particulars relating to conservation of energy, technology absorption, foreign exchange outgo/earnings etc. are given in Forms A & B in Annexure 1 of the Report.

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9. DIVIDEND:

In view of the results and present economic scenario in the country, the Directors do not recommend a dividend for the year 1996-97.

10. ACKNOWLEDGEMENT:

The Board wishes to record the dynamic role of the Working Directors and Senior Executives of the Company. The Board thanks the Company's bankers - The United Western Bank Limited and The Shamrao Vithal Co-operative Bank Limited and the Financial Institutions for their continued support.

On behalf of the Board of Directors

ADITYA GARWARE
Director

Mumbai
3rd February, 1998.





ANNEXURE I TO DIRECTORS' REPORT 1996-97

FORM - A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

	Current Year 1-9-1996 to 31-8-1997	Previous Year 1-9-1995 to 31-8-1996
A. POWER AND FUEL CONSUMPTION		
FISH KNITTED FABRICS		
1. Electricity		
(a) Purchased		
Units (in Kwh)	9,79,275	13,76,766
Total amount (Rs.)	36,31,252	40,61,758
Rate per Unit (Rs.) (Avg.)	3.71	2.95
(b) Own generation		
i) Through diesel generator		
Unit (in Kwh)	11,230	8,970
Unit per litre of diesel oil	3.03	2.89
Cost per Unit	3.00	2.83
ii) Through Steam turbine-generator		
	Nil	Nil
2. Coal		
	Nil	Nil
3. Furnace Oil		
i) L.D.O.		
Quantity (K. Litres)	24,000	31,540
Total amount (Rs.)	2,30,670	2,75,170
Rate per Unit (Rs.)	9.61	8.73
ii) H.S.D.		
Quantity (K. Litres)	21,480	19,198
Total amount (Rs.)	1,95,468	1,52,672
Rate per Unit (Rs.)	9.10	7.95
EXPANDED PVC FLOATS		
1. Electricity		
(a) Purchased		
Units (in Kwh)	6,48,512	6,43,333
Total amount (Rs.)	24,32,808	21,03,699
Rate per Unit (Rs.) (Avg.)	3.75	3.27
(b) Own generation		
	Nil	Nil
2. Coal		
	Nil	Nil
3. Furnace Oil		
i) L.D.O.		
Quantity (K. Litres)	77,955	37,920
Total amount (Rs.)	7,14,068	3,47,347
Rate per Unit (Rs.)	9.16	9.16

NYLON MONOFILAMENT**1. Electricity**

(a) Purchased

Units (in Kwh) Nil Nil

Total amount (Rs.) Nil Nil

Rate per Unit (Rs.)(Avg.) Nil Nil

(b) Own generation Nil Nil

2. Coal Nil Nil**3. Furnace Oil** Nil Nil**B. CONSUMPTION PER UNIT (KG.) OF PRODUCTION**

	Standard (if any)	Current Year 1-9-1996 to 31-8-1997	Previous Year 1-9-1995 to 31-8-1996
FISH KNITTED FABRICS			
Electricity (Kwh)	N.A.	*2.60	3.32
Furnace Oil			
L.D.O. (Ltrs)	N.A.	0.11	0.08
H.S.D. (Ltrs)	N.A.	0.14	0.05
EXPANDED PVC FLOATS			
Electricity (Kwh)	N.A.	6.48	16.07
Furnace Oil			
L.D.O. (Ltrs)	N.A.	0.85	0.95
NYLON MONOFILAMENT			
Electricity (Kwh)	N.A.	Nil	5.33

*If based on total production this would be 1.31 Units (as against 1.61 Units)

CONSERVATION OF ENERGY DURING THE PERIOD UNDER REVIEW :

- (a) Wherever possible energy conservation measures have been implemented. Further efforts to conserve and optimise the use of energy improved operational methods and other means continue.
- (b) Additional investment and proposals, if any being implemented for reduction of consumption of energy:
Nil
- (c) Impact of measures at (a) and (b) for reduction of energy consumption and consequent impact on the cost of production of Goods : Control of energy related costs will enable the Company to remain competitive.