

GARWARE MARINE INDUSTRIES LIMITED

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**TWENTY SECOND ANNUAL REPORT
1999**



GARWARE MARINE INDUSTRIES LIMITED

Founder : Padma Bhushan Late Dr. B. D. Garware - Founder of the Garware Group

BOARD OF DIRECTORS	ASHOK GARWARE (Chairman)	M.A.(Cantab)
	ADITYA GARWARE	M.B.A.(U.S.A)
	A. K. THANAVALA	B.Com.(Hons.) LL.B.,A.C.S.
	S. M. LAUD	B. Com. F. C. S. Dip. in Sys Analysis & Prog.
	V. V. DESAI	B. Com. LL. B. D. A. M.
	S. M. NAVARE	B. Tech. (Chemical Engg.)
COMPANY SECRETARY	C. V. RAMACHANDRAN	B.Com., LL.B., F.C.S., D.T.M., DIP.A.
ACCOUNTANT	P. S. SHAH	B.Com.
BANKERS	The United Western Bank Ltd. The Shamrao Vithal Co-op. Bank Ltd.	
AUDITORS	Thakur & Gupta Associates Chartered Accountants.	
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, Chikalthana, Aurangabad-431 001 (Maharashtra).	



NOTICE

Notice is hereby given that the Twentysecond Annual General Meeting of **Garware Marine Industries Ltd** will be held on 28th June, 2000 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 December,1999, 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. Aditya Garware, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. A.K. Thanavala, who retires by rotation and, being eligible, offers himself for re-appointment.
4. 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.

Special Business

5. To consider, and if thought fit, to pass with or without modification, the following Resolution as an ordinary Resolution :

RESOLVED THAT Mr. S.M.Navare who was appointed as an Additional Director in the Board of Director's Meeting held on 18.04.2000 and whose term of appointment expires at this Annual General Meeting of the Company and who, being eligible, offers himself for re-appointment as the Director of the Company and a notice has been received under section 257 of the Companies Act, 1956 from a Member proposing his name as the Director of the Company, be and is hereby appointed as the Director of the Company liable to retire by rotation.

6. To consider, and if thought fit, to pass with or without modification the following Resolution as an ordinary Resolution :

RESOLVED THAT subject to the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions of the Companies Act 1956 and pursuant to the recent amendment to Schedule XIII to the Companies Act, 1956, in the event of absence or inadequacy of net profit for the Company in any year, consent be and is hereby given to pay remuneration for such year to each Whole-Time Director of the Company of an amount not exceeding the amount specified in the said amended Schedule XIII commensurate with the effective capital of the Company for such year.

By Order of the Board of Directors

C.V. RAMACHANDRAN
Company Secretary

Registered Office :

3rd Floor,
Chandermukhi,
Nariman Point,
Mumbai - 400 021.
Date : 29th May,2000

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NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND 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 22.06.2000 to 28.06.2000. (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 therefore 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 Annual Report at the Meeting.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956.

Item No. 5

Mr. S. M. Navare was appointed as additional Director at the Board Meeting held on 18-04-2000 under Article 119 of the Articles of Association of the Company.

He holds office upto this Annual General Meeting. Hence this Resolution:

Notice has been received from a Shareholder proposing his name as Director liable to retire by rotation. Mr. Navare is deemed to be interested in this Resolution as it concerns his appointment as Director.

Item No. 6

The Central Government vide its Notification dated 02-03-2000, has made an amendment in Schedule XIII (Part II Section II) to the Companies Act, 1956 allowing payment of remuneration to Whole-Time Directors (in the event of absence or inadequacy of net profits of the Company) ranging between Rs.75,000 to Rs. 2,00,000 per month depending upon the effective capital of the Company for such year. The Resolution proposed is pursuant to this amendment.

The Board recommends the passing of this ordinary Resolution at Item No. 6 of the Notice.

None of the Directors of the Company draw any remuneration and are not deemed to be concerned or interested in it.

By Order of the Board

C.V. RAMACHANDRAN
Company Secretary

Registered Office :

3rd Floor,
Chandermukhi,
Nariman Point,
Mumbai - 400 021.
Date : 29th May,2000

**DIRECTORS' REPORT**

FOR THE PERIOD ENDED 31st DECEMBER, 1999.

TO THE MEMBERS

1. Your Directors present the Company's 22nd Annual Report together with the Audited Statement of Accounts of the Company for the 12 months ended 31st December, 1999.

2. FINANCIAL RESULTS :

	1999 (1st Jan'99 to 31st Dec'99)	1997-98 (1st Sept'97 31st Dec'98)
	(12 Mths) (Rupees)	(16 Mths.) (Rupees)
Profit (Loss) before Interest, Depreciation and Tax	<u>1,26,02,164</u>	1,11,56,839
Interest	1,15,89,085	1,78,12,723
Profit/(Loss) before Depreciation	10,13,079	(66,55,884)
Depreciation	15,27,446	22,55,870
Tax (Provision for earlier year)	8,00,000	—
Profit/(Loss) for the year	<u><u>(13,14,368)</u></u>	<u><u>(89,11,754)</u></u>

3. OPERATIONS :

The production of Fish Knitted Fabrics during the year ended 31st December, 1999 amounted to 299 M.T. as against 483 M.T. during the previous accounting period of 16 months. The production of PVC Floats was 60 M.T. as against 89 M.T. during the previous accounting year.

Sales during the year amounted to Rs. 11.07 crores as against Rs.16.64 crores for the previous accounting year.

A multiplicity of factors have contributed to the shortfalls for the period under report.

Firstly, the unprecedented recession in the fishing industry in the country has affected the sales.

Secondly, due to a major power breakdown in the MSEB power plant at Ahmednagar, the operations at the Ahmednagar factory came to a complete halt and production was suspended for about 10 days. Thereafter, power supply was intermitently erratic and production was affected for approx 30-40 days.

Thirdly, due to closure of major raw material suppliers (manufacturers of nylon yarn), the Company faced difficulty in procuring raw materials which also curtailed operations. The Company has been able to locate alternative sources of supply of raw material. The situation appears to have turned for the better.

Despite the above adverse factors, the Company has been able to substantially contain the losses due to lower prices of raw material and due to higher sales realisation. There are no cash losses for the year under report.

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Diversification

You are aware that the Company has been looking at the subject of diversification for the past years. Many projects were considered, but their business future appeared to be in doubt on account of changing global scenario and the present imbalance in industrial growth, compared to the development, as has been seen. After much thought, the Company has felt it reasonably prudent to set up a business centre making use of its various assets and this has proved to be a wise decision in view of the groups' position in the economy.

4. FIXED DEPOSITS

11 Deposits totalling Rs.50,000/- have remained unclaimed as on date.

5. DIRECTORS

Shri S. S. Wakankar resigned from the Board of Directors on 12-07-99.

During the year Shri S. M. Laud & Shri V. V. Desai were appointed Directors in the casual vacancies caused by the resignation of Shri S. N. Gupta and Shri S. S. Wakankar respectively.

Shri S. M. Navre was appointed as Additional Director on 18.04.2000 and he continues to be a Director till the date of the ensuing Annual General Meeting. Notice has been received from a Shareholder proposing his name as a Director at the Annual General Meeting.

Mr. A. A. Garware & Mr. A. K. Thanawala, Directors, retire by rotation and being eligible, offer themselves for re-election.

6. AUDITORS

You are requested to appoint Auditors for the current year ending 31st December, 2000 and to fix their remuneration.

With regard to the Auditor's Report, the notes to the accounts are generally self-explanatory.

With regard to Point No. 17 (annexure) the Provident Fund dues have since been paid.

7. PERSONNEL

The relations with employees at both the Plants and the Head Office of the Company have generally 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 Form A & B in Annexure 1 of the Report.

9. DIVIDEND

In view of the results, the Directors do not recommend a dividend for the year 1999.

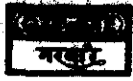
10. ACKNOWLEDGEMENT

The Board wishes to record the dynamic role of the Directors and Senior Executives of the Company. The Board thanks the Company's Bankers and Financial Institutions for their continued support.

On behalf of the Board of Directors

ASHOK GARWARE
Chairman

Mumbai
Date : 29.05.2000



ANNEXURE I TO DIRECTORS' REPORT

FORM - A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

	Current Period 01.01.1999 to 31.12.1999	Previous Year 01.09.1997 to 31.12.1998
A. POWER AND FUEL CONSUMPTION		
FISH KNITTED FABRICS / TWINE		
1 Electricity		
(a) Purchased Units (in Kwh)	5,44,387	8,94,988
Total Amount (Rs.)	24,84,781	36,53,309
Rate per Unit (Rs.)(Avg.)	4.56	4.08
(b) Own generation		
i) Through Diesel generator		
Unit (in Kwh)	12,270	15,200
Unit per litre of diesel oil	3.10	3.05
Cost per Unit	4.11	3.62
ii) Through Steam Turbine generator	Nil	Nil
2. Coal	Nil	Nil
3. Furnace Oil		
i) L.D.O.		
Quantity (K.Litres)	Nil	Nil
Total amount (Rs.)	Nil	Nil
Rate per Unit (Rs.)	Nil	Nil
ii) H.S.D.		
Quantity (K.Litres)	34,225	43,072
Total amount (Rs.)	4,35,966	4,75,084
Rate per Unit (Rs.)	12,74	11,03
EXPANDED PVC FLOATS / TWINE		
1 Electricity		
(a) Purchased		
Units (in Kwh)	4,73,607	10,80,063
Total Amount (Rs.)	21,23,992	41,77,795
Rate per Unit (Rs.)(Avg.)	4.48	3.87
(b) Own generation	Nil	Nil

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2	Coal		Nil	Nil
3	Furnace Oil			
	i) L.D.O.			
	Quantity (k.Litres)		34700	72604
	Total amount (Rs.)		581225	812736
	Rate per Unit (Rs.)		16.75	11.19
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 Period 01.01.1999 to 31.12.1999	Previous Year 01.09.1997 to 31.12.1998
FISH KNITTED FABRICS/TWINE			
Electricity (Kwh)	N.A.	2.38	1.78
Furnace Oil			
L.D.O.(Ltrs.)	N.A.	NIL	NIL
H.S.D.(Ltrs)	N.A.	0.11	0.09
EXPANDED PVC FLOATS			
Electricity (Kwh)	N.A.	8.01	8.56
Furnace Oil			
L.D.O.(Ltrs.)	N.A.	0.59	0.74
NYLON MONOFILAMENT			
Electricity (Kwh)	N.A.	NIL	NIL

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.
- 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.