



GARWARE MARINE INDUSTRIES LIMITED

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**TWENTY FOURTH ANNUAL REPORT
2001**

Garware Marine Industries Limited
Twenty Fourth Annual Report 2001

GARWARE MARINE INDUSTRIES LTD.

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.
	V.V. DESAI	B.COM., LL.B., D.A.M.
	DR. B.M. SARAIYA	M.B.B.S.
	S.N. GUPTA	B.COM., F.C.A.
	C.V. RAMACHANDRAN	B.COM., LL.B., F.C.S., D.T.M., DIP.A.

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

AUDITORS RAMAN S. SHAH & 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 Twenty-fourth Annual General Meeting of Garware Marine Industries Limited will be held on Friday 28th June, 2002 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, 2001 and 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. Ashok 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 conclusion of this Annual General Meeting to 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 Dr. B. M. Saraiya who was appointed as an Additional Director in the Board Meeting held on 18th October, 2001 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 a 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 Mr. S. N. Gupta who was appointed as an Additional Director in the Board Meeting held on 30th January, 2002 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 a Director of the Company, be and is hereby appointed as the Director of the Company, liable to retire by rotation.

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

RESOLVED THAT Mr. C. V. Ramachandran who was appointed as an Additional Director in the Board Meeting held on 18th October, 2001 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 a Director of the Company, be and is hereby appointed as the Director of the Company, liable to retire by rotation.

By Order of the Board,

C.V. RAMACHANDRAN
Director

Registered Office :

Chander Mukhi,
Nariman Point,
Mumbai - 400 021.

Date : 28th May, 2002

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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 THE PROXY NEED NOT BE A MEMBER.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 24th June, 2002 to 28th June, 2002 (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 Annual Report at the Meeting.

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

Item No. 5

Dr. B. M. Saraiya was appointed as an Additional Director at the Board Meeting held on 18.10.2001 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. Dr. Saraiya is deemed to be interested in this Resolution as it concerns his appointment as Director.

Item No. 6

Mr. S. N. Gupta was appointed as an Additional Director at the Board Meeting held on 30.01.2002 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. Gupta is deemed to be interested in this Resolution as it concerns his appointment as Director.

Item No. 7

Mr. C. V. Ramachandran was appointed as an Additional Director at the Board Meeting held on 18.10.2001 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. Ramachandran is deemed to be interested in this Resolution, as it concerns his appointment as Director.

By Order of the Board

C.V. RAMACHANDRAN
Director

Date : 28th May, 2002

**DIRECTORS' REPORT**

For the Year ended 31st December, 2001

TO THE MEMBERS

1. Your Directors present the Company's 24th Annual Report together with the Audited Statement of Accounts of the Company for the 12 months ended 31st December, 2001.

2. FINANCIAL RESULTS :

	Period ending 31st Dec'01	Period ending 31st Dec'00
Profit/(Loss) Before Interest, Depreciation and Tax	1,13,72,613	1,61,89,236
Interest	1,12,05,094	1,09,37,972
Profit/(Loss) Before Depreciation and Tax	1,67,519	52,51,264
Depreciation	5,42,803	15,98,138
Tax (Provision for the Earlier year)	8,00,000	8,00,000
Profit/(Loss) For The Year	(11,75,284)	28,53,126

3. OPERATIONS :

The production of fish Knitted Fabrics during the year amounted to 173 Tons as against 307 Tons for the previous year.

The production of Floats was 19 Tons as against 82 Tons for the previous year.

Total Income for the year amounted to Rs. 6.13 Crores as against Rs. 10.30 Crores for the previous year.

The above drop in production / income has resulted on account of recession in the Fishing Industry. Several State Governments and subsequently Central Government imposed total ban on Fishing in April 2001 for over four months. As a result, the demand for the Company's products had practically come down to a stand still. The Company was compelled to suspend operations.

Though operations at both the plants partially recommenced in July and August respectively, demand for the Company's products remains to be sluggish.

The Company's Repairs Division continues to perform well. The Company continues to look out for various Expansion / Diversification options as a part of its strategy.

4. DEMATERIALISATION OF SHARES :

Company's Shares are being traded in dematerialized form in Stock Exchange.

5. FIXED DEPOSITS :

10 Deposits totalling Rs. 45,000/- have remained unclaimed as on Date.

6. DIRECTORS :

Mr. Ashok Garware and Mr. A.K. Thanavala retire by rotation, being eligible, offer themselves for re-election. During the year Mr. S.M. Laud resigned from the Board.

7. DIRECTORS' RESPONSIBILITY STATEMENT :

Your Directors would like to inform Members that the Audited Accounts containing the Financial Statements

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for the year 2001 are in full conformity with the requirement of the Act and they believe that the Financial Statements reflect fairly the form and substance of transactions carried out during the year and reasonably present the Company's financial condition and results of operations. These Financial Statements are Audited by the Statutory Auditors M/s Raman S. Shah & Associates.

Your Directors further confirm that :

- (i) In the preparation of the Annual Accounts, applicable accounting standards have been followed.
- (ii) The accounting policies are consistently applied and reasonable prudent judgement and estimates are made so as to give a true and fair view of the State of Affairs of the Company at the end of the Financial year.
- (iii) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) That the Directors had prepared the Annual Accounts on a going concern basis.

8. AUDITORS :

You are requested to appoint Auditors for the current year ending 31st December, 2002 and to fix their remuneration.

With regard to the Auditor's Report, the notes to the Accounts are Self-explanatory.

With regard to point no. 15 of the Annexure to Auditor's Report the Company has appointed M/s Yashaswi K. Pandya & Company as Internal Auditors.

9. PERSONNEL :

The relations with Employees at both the plants, at Ahmednagar and Aurangabad, have unfortunately been far from satisfactory. The Company was compelled to take disciplinary action against some of the Employees at the plants, as per statute. Some Employees have been indulging in negative belligerent activities to the detriment of the Company. The Company has declared a Lock Out to protect the properties of the Company. The Lock Out is still continuing and the Company is exploring possibilities of re-opening when the situation returns to normal.

The employees refuse to recognise the plight of the Fishing Industry.

The relations with the Employees at the Head Office have been cordial.

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

10. 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.

11. ACKNOWLEDGEMENT :

The Board thanks the Company's Bankers for their continued support.

On Behalf of the Board of Directors

S. N. Gupta
Director
For **ASHOK GARWARE**
Chairman

Mumbai
Date :28.05.2002



ANNEXURE 1 TO DIRECTORS' REPORT

FORM - A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

	Current period 01.01.2001 to 31.12.2001	Previous Year 01.01.2000 to 31.12.2000
A. POWER AND FUEL CONSUMPTION		
FISH KNITTED FABRICS / TWINE		
1. Electricity		
(a) Purchased Units (in Kwh)	2,22,161	3,57,347
Total Amount (Rs.)	11,61,226	18,25,672
Rate Per Unit (Rs.) (Avg.)	5.23	5.11
(b) Own Generation		
i) Through Diesel Generator		
Unit (in Kwh)	34,407	51,610
Unit per Litre of Diesel Oil	3.10	3.20
Cost per Unit	5.50	5.38
ii) Through Steam Turbine-Generator	NIL	NIL
2. Coal	NIL	NIL
3. Furnance 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)	29.67	44.51
Total Amount (Rs.)	5,15,566	7,65,850
Rate per Unit (Rs.)	17.37	17.21
EXPANDED PVC FLOATS / TWINE		
1. Electricity		
(a) Purchased		
Units (in Kwh)	2,38,953	4,77,906
Total Amount (Rs.)	12,16,712	24,13,424
Rate per Unit (Rs.) (Avg.)	5.09	5.05
(b) Own Generation	NIL	NIL

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2. Coal	NIL	NIL
3. Furnace oil		
i) L.D.O.		
Quantity (K. Litres)	16.03	32.05
Total Amount (Rs.)	2,81,419	5,52,838
Rate per Unit (Rs.)	17.56	17.25

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)	01.01.2001 to 31.12.2001	01.01.2000 to 31.12.2000
FISH KNITTED FABRICS/TWINE			
Electricity (Kwh)	N.A.	1.69	1.01
Furnace Oil			
L.D.O. (Ltrs.)	N.A.	NIL	NIL
H.S.D. (Ltrs.)	N.A.	0.10	0.11
EXPANDED PVC FLOATS			
Electricity (Kwh)	N.A.	8.01	7.89
Furnace oil			
L.D.O. (Ltrs.)	N.A.	0.59	0.64
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.



FORM B

FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION OF TECHNOLOGY

RESEARCH AND DEVELOPMENT (R & D)

1. Specific areas in which R & D carried out by the Company :

The Company has been carrying out applied research on an "on going basis" in processing / stretching of Nets and processing of Floats, as a result of which the quality of the products has improved considerably.

2. Benefits derived as a result of the above R & D:

Improved acceptance of products in the Market.

3. Further plan of action :

The Company intends to pursue its policy of carrying out applied research on an "on going basis" and concentrate on areas where there is positive gain to the Company.

4. Expenditure on R & D :

Nominal amount was spent on R & D during the period.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts in brief made towards Technology Absorption, Adaptation and Innovation :

Not applicable.

2. Benefits derived as a result of the above efforts :

Not applicable.

3. Information regarding technology imported during the last 5 years reckoned from the beginning of the financial year :

Not applicable.

FOREIGN EXCHANGE EARNINGS AND OUTGO :

Total foreign exchange earned — NIL

Total foreign exchange used — NIL

On behalf of the Board of Directors

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S. N. Gupta
Director
For ASHOK GARWARE
Chairman