



# GARWARE MARINE INDUSTRIES LTD.



TWENTY FIFTH ANNUAL REPORT  
2002



## GARWARE MARINE INDUSTRIES LTD.

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

<b>BOARD OF DIRECTORS</b>	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.
<b>COMPANY SECRETARY</b>	D. MALLA REDDY	M. COM., B.G.L., A.C.S.
<b>BANKERS</b>	The United Western Bank Ltd. The Shamrao Vithal Co-op. Bank Ltd.	
<b>AUDITORS</b>	RAMAN S. SHAH & ASSOCIATES Chartered Accountants	
<b>SOLICITORS</b>	V. DESHPANDE & CO. Advocates & Solicitors	
<b>REGISTERED OFFICE</b>	3rd Floor, Chandermukhi, Nariman Point, Mumbai - 400 021.	
<b>FACTORY</b>	E-9/10, M.I.D.C. Industrial Area, Ahmednagar - 414 001 (Maharashtra)	
<b>REGISTRAR &amp; TRANSFER AGENT</b>	Bigshare Services Pvt. Ltd. E-2/3 Ansa Industrial Estate, Saki Vihar Road, Sakinaka, Andheri (E), Mumbai - 400 072.	

**Garware Marine Industries Limited**  
Twenty Fifth Annual Report 2002

**NOTICE**

NOTICE is hereby given that the Twenty-fifth Annual General Meeting of the Members of Garware Marine Industries Limited will be held on Monday, the 30<sup>th</sup> June, 2003 at 9.30 a.m. At "Garware Sabhagriha", F.P.H. Building, Lala Lajpatrai Marg, Haji Ali, Mumbai – 400 034 to transact the following business:

**ORDINARY BUSINESS :**

1. To consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> December, 2002 and the Profit & Loss Account for the year ended on that date together with Directors' and Auditors' Reports thereon.
2. To appoint a Director in place of Shri. Aditya A. Garware who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri. V.V. Desai who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors 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 in terms of Provisions of Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors of the Company to create mortgage, charges and hypothecation on the fixed assets of the Company, both movable and immovable, whether present or future, in favour of The United Western Bank Limited and The Shamrao Vithal Co-operative Bank Limited, to secure various Cash Credit/Loan facilities granted/to be granted in future and outstanding at any point of time, not exceeding Rs. 5.50 Crores in the aggregate."

By Order of the Board,

**D. MALLA REDDY**  
Company Secretary

**Registered office:**

Chander Mukhi,  
Nariman Point,  
Mumbai - 400 021

Date: 22<sup>nd</sup> May, 2003

**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. An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 24<sup>th</sup> June, 2003 to 30<sup>th</sup> June, 2003 (both days inclusive).
4. 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.



5. As per SEBI Circular dated 27.12.2002, the Company has appointed M/s Bigshare Services Pvt. Ltd., Mumbai as Common Agency for Share Registry Work (Physical and Electronic) w.e.f. 1<sup>st</sup> April, 2003.
6. Members are requested to address all their future correspondence including change of address, Transfer of Shares and Dematerialisation etc., to the Company's Registrar & Share Transfer Agent, M/s Bigshare Services Pvt. Ltd. E-2/3 Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (E) Mumbai 400 072. Tel. No. 28560652, Fax No. 28525207.

**REQUEST TO THE MEMBERS:**

7. 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.
8. Members are requested to bring their copy of Annual Report at the Meeting.

**ANNEXURE TO THE NOTICE**

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.**

**Item No.5:**

The Company has been granted Cash Credit Facilities in the shape of clean Cash Credit, Working Capital Term Loan, L/c's etc., by the Bankers - United Western Bank Limited and Shamrao Vithal Co-operative Bank Ltd., Mumbai. The Cash Credit facilities granted by the said Bankers together aggregate to Rs.5.50 Crores against hypothecation of current assets and a corporate guarantee from Garware Shipping Corporation Limited.

Since the Unit Trust of India had released charge on fixed assets, on the One Time Settlement of their dues, the said Bankers have requested that charge of Company's fixed assets be created in their favour. Hence the Company has agreed to consider creation of charge on the fixed assets both movable and immovable to secure the said credit facilities, not exceeding Rs. 5.50 Crores, subject to release of corporate guarantee given by Garware Shipping Corporation Limited. Hence, approval of the members is sought to create charge in favour of the said Bankers.

Members have already authorised the Board of Directors to borrow money from time to time upto a limit of Rs.10 crores for the Company's business.

As creation of mortgage would amount to disposal of the undertaking of the Company, approval of the Members is sought for creating the charge.

The Board recommends the Resolution for the approval of the Members.

None of the Directors is in any way concerned or interested in the said Resolution.

By Order of the Board,

**D. MALLA REDDY**  
Company Secretary

**Registered office:**

Chander Mukhi,  
Nariman Point,  
Mumbai - 400 021

Date: 22<sup>nd</sup> May, 2003

**Garware Marine Industries Limited**

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**DIRECTORS' REPORT**For the Year ended 31<sup>st</sup> December, 2002**TO****THE MEMBERS :****1. FINANCIAL RESULTS :**

	<b>Year Ended 31.12.2002 Rupees</b>	<b>Year Ended 31.12.2001 Rupees</b>
Profit/(Loss) Before Interest, Depreciation and Tax	<b>82,71,308</b>	1,13,72,613
Interest	<b>92,68,682</b>	1,12,05,094
Profit/(Loss) Before Depreciation and Tax	<b>(9,97,374)</b>	1,67,519
Depreciation	<b>5,80,433</b>	5,42,803
Tax (Provision for the Earlier Year)	<b>8,00,000</b>	8,00,000
Add: Deferred Tax Assets-As-22.	<b>8,91,920</b>	-
Profit/(Loss) for the year	<b><u>(14,85,887)</u></b>	<b><u>(11,75,284)</u></b>

**2. OPERATIONS :**

The production of Fishing Nets during the year amounted to 208 Tons as against 173 Tons for the Previous Year. The production of Floats was 9 Tons as against 19 Tons for the previous year. The Aurangabad Factory producing Floats has been closed from 9<sup>th</sup> April, 2002, in view of a drastic change in demand pattern to the Company's detriment.

The Income from Operations amounted to Rs.5.69 Crores as against 5.43 Crores for the previous year. During the year Operations at Ahmednagar factory were closed for long periods. To protect the Plant and Officers, in the months of April to June, 2002 factory was closed as a result of violence / agitation by some of the Workmen. Closure in the months of November and December, 2002 was due to the fact that Excise authorities suddenly demanded duty on Fish Net Twine – the Intermediate Product, as a result of a Supreme Court Judgement. This demand was later reversed as a result of vigorous efforts by the Management at all Government Levels.

The Company is now concentrating on export of Fishing Nets with success.

During the year, the Company took to legal course against the Unit Trust of India and succeeded in the same, in a One Time Settlement of Debentures in the High Court.

**3. RESPONSIBILITY STATEMENT :**

The Directors confirm :

- a) That in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed and that no material departures have been made from the same.
- b) That they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial year and of the profit/loss of the Company for that period.
- c) That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with Provision of the Companies Act,1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.



d) That they have prepared the Annual Accounts on a going concern basis.

**4. FIXED DEPOSITS :**

10 Deposits totalling Rs. 45,000/- shown under Current Liabilities have remained unclaimed as on date.

**5. DIRECTORS :**

Shri. Aditya A. Garware and Shri. V.V. Desai, Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment. The members are requested to re-appoint them.

**6. AUDITORS :**

You are requested to appoint Auditors for the Current Year ending 31<sup>st</sup> December, 2003 and fix their remuneration.

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

**7. PERSONNEL :**

The relations with Employees at Ahmednagar continue to be far from satisfactory.

The relations with the Employees at Head Office are cordial.

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

**8. CORPORATE GOVERNANCE :**

A separate Report on Corporate Governance along with the Auditors Statement of its compliance is given in a separate Annexure.

**9. 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.

**10. ACKNOWLEDGEMENT :**

The Board wishes to record the dynamic role of Senior Executives of the Company.

The Board thanks the Company's Bankers viz. United Western Bank Limited and Shamrao Vithal Co-operative Bank Limited for their continued support.

The Board also thanks Government of India, Ministry of Finance, for its sympathetic support and timely relief.

On Behalf of the Board

**ASHOK GARWARE**  
Chairman

Place : Mumbai

Dated : 22<sup>nd</sup> May, 2003.

## Garware Marine Industries Limited

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## ANNEXURE 1 TO DIRECTORS' REPORT

## FORM - A

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

	Current period 01.01.2002 to 31.12.2002	Previous Year 01.01.2001 to 31.12.2001
<b>A. POWER AND FUEL CONSUMPTION</b>		
<b>FISH KNITTED FABRICS / TWINE</b>		
<b>1. Electricity</b>		
(a) Purchased Units (in Kwh)	1,74,077	2,22,161
Total Amount (Rs.)	8,91,273	11,61,226
Rate Per Unit (Rs.) (Avg.)	5.12	5.23
(b) Own Generation		
i) Through Diesel Generator		
Unit (in Kwh)	26,960	34,407
Unit per Litre of Diesel Oil	3.20	3.10
Cost per Unit	5.75	5.50
ii) Through Steam Turbine-Generator	NIL	NIL
<b>2. Coal</b>	NIL	NIL
<b>3. Furnance Oil</b>		
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)	32.50	29.67
Total Amount (Rs.)	4,03,978	5,15,566
Rate per Unit (Rs.)	18.25	17.37
<b>EXPANDED PVC FLOATS / TWINE</b>		
<b>1. Electricity</b>		
(a) Purchased		
Units (in Kwh)	1,87,234	2,38,953
Total Amount (Rs.)	9,53,369	12,16,712
Rate per Unit (Rs.) (Avg.)	5.09	5.05
(b) Own Generation	NIL	NIL



	<b>Current period</b> <b>01.01.2002</b> <b>to 31.12.2002</b>	<b>Previous Year</b> <b>01.01.2001</b> <b>to 31.12.2001</b>
2. Coal	NIL	NIL
3. Furnace Oil		
i) L.D.O.		
Quantity (K. Litres)	17.65	16.03
Total Amount (Rs.)	2,20,509	2,81,419
Rate per Unit (Rs.)	21.05	17.56

**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
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**2. Coal**

	NIL	NIL
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**3. Furnace Oil**

	NIL	NIL
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**(B) CONSUMPTION PER UNIT (KG.) OF PRODUCTION**

	Standard (If any)	<b>01.01.2002</b> <b>to 31.12.2002</b>	01.01.2001 to 31.12.2001
<b>FISH KNITTED FABRICS/TWINE</b>			
Electricity (Kwh)	N.A.	1.47	1.69
Furnace Oil			
L.D.O. (Ltrs.)	N.A.	NIL	NIL
H.S.D. (Ltrs.)	N.A.	0.13	0.10
<b>EXPANDED PVC FLOATS</b>			
Electricity (Kwh)	N.A.	NIL	8.01
Furnace Oil			
L.D.O. (Ltrs.)	N.A.	NIL	0.59
<b>NYLON MONOFILAMENT</b>			
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, Adaption 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

**ASHOK GARWARE**  
Chairman

Place : Mumbai

Date : 22<sup>nd</sup> May, 2003.