



GARWARE MARINE INDUSTRIES LTD.



**TWENTY SIXTH ANNUAL REPORT
2003**



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.)
	V.V. DESAI	B.Com., LL.B., D.A.M.
	DR. B.M. SARAIYA	M.B.B.S.
	C.V. RAMACHANDRAN	B.Com., LL.B., F.C.S., D.T.M. DIP.A.
	A.K. THANAVALA (Ceased w.e.f. 28.1.2004)	B.Com., (HONS.), LL.B., A.C.S.
	S.N. GUPTA (Ceased w.e.f. 19.11.2003)	B.Com., F.C.A.
COMPANY SECRETARY	A. C. CHANDARANA	B.Com., LL.B., A.C.S.
BANKERS	THE UNITED WESTERN BANK LTD.	
	THE SHAMRAO VITHAL CO-OP. BANK LTD.	
AUDITORS	MESSERS RAMAN S. SHAH & ASSOCIATES Chartered Accountants	
SOLICITORS	V. DESHPANDE & CO. Advocates & Solicitors	
REGISTERED OFFICE	3rd Floor, Chandermukhi, Nariman Point, Mumbai - 400 021.	
FACTORY	E-9/10, M.I.D.C. Industrial Area, Ahmednagar - 414 001 (Maharashtra)	
REGISTRAR & SHARE TRANSFER AGENT	Bigshare Services Pvt. Ltd. E-2/3 Ansa Industrial Estate, Saki Vihar Road, Sakinaka, Andheri (E), Mumbai - 400 072.	

Garware Marine Industries Limited
Twenty Sixth Annual Report 2003**NOTICE**

NOTICE is hereby given that the Twenty-Sixth Annual General Meeting of the Members of Garware Marine Industries Ltd. will be held on Wednesday, 30th June, 2004, at 9.30 a.m. at "Garware Sabhagriha", F.P.H. Building, Lala Lajpatrai Marg, Haji Ali, Mumbai-400 034, to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st December, 2003, and Profit and Loss Account for the year ended as on that date together with Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Shri C. V. Ramachandran who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Section 293(1)(a) of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors of the Company to lease the Company's undertaking consisting of that part of Building housing the Plant and Machinery and Production operations of the Factory situated at E-9/10, M.I.D.C. Industrial area, Ahmednagar-414 001 to Garware Shipping Corporation Limited (GSCL) on the Terms and Conditions and for the consideration more particularly contained in the Draft Deed of Lease to be executed between the Company and GSCL and which has been submitted to this meeting and initialled by the Chairman for the purpose of identification.

Resolved further that Mr. C. V. Ramachandran, or Mr. V. V. Desai, the Directors of the Company, be and are hereby authorised singly to execute the Deed of Lease and all other necessary documents under the seal of the Company as may be required in this connection."

By Order of the Board

A. Chandarana
Company Secretary

Registered Office

Chander Mukhi,
Nariman Point,
Mumbai-400 021

Dated : 22nd May, 2004

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 23rd June, 2004, to 30th June, 2004 (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 append their signature(s) at the space provided thereof 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.



- Members are requested to address all their future correspondence including Change in Address, Transfer of Shares and Dematerialization etc. to the Company's Share Transfer Agents, 'M/S Bigshare Services Pvt. Ltd.', E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai-400 072.

REQUEST TO THE MEMBERS:

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

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

The Company buys raw materials for its manufacturing operations by availing Letter of Credit facility resulting in interest burden to the Company.

The Company has received a good offer from Garware Shipping Corporation Limited (GSCL) to take on lease for a period of 5 years the entire undertaking of the Company, consisting of that part of Building housing the Plant and Machinery and Production operations of the Factory situated at E-9/10, M.I.D.C. Industrial area, Ahmednagar-414 001.

The Company shall receive Rs.1.25 lacs per month as lease rental or Rs.15 lacs per annum. The entire liability of running the undertaking during the lease period would borne by GSCL. GSCL shall also indemnify the Company in the event of any loss, damage, seizure, etc of the undertaking. Further the lease may be terminated at any time by either party by giving a notice of 3 months.

This arrangement is beneficial to the Company.

Your Directors, therefore, feel that this arrangement will be in the interest of the Company and accordingly recommend that said resolution be approved.

A copy of the Draft Deed of Lease to be executed between the Company and GSCL will be available for inspection at the Registered office of the Company on all working days between 2 p.m and 4 p.m till the day before the Annual General Meeting.

Mr. Ashok Garware and Mr. Aditya Garware are concerned or deemed to be interested in the said Resolution as they are also Directors of GSCL. None of the other Directors are concerned or interested in the said resolution.

By Order of the Board

A. Chandarana
Company Secretary

Registered Office

Chander Mukhi,
Nariman Point,
Mumbai-400 021

Dated : 22nd May, 2004

DIRECTORS' REPORTFOR THE YEAR ENDED 31ST DECEMBER 2003

TO

THE MEMBERS :

	Year Ended 31.12.2003 Rupees	Year Ended 31.12.2002 Rupees
1. FINANCIAL RESULTS:		
Profit / (Loss) Before Interest, Depreciation and Tax	1,20,76,082	82,71,308
Interest	84,80,951	92,68,682
Profit/(Loss) Before Depreciation & Tax	35,95,131	(9,97,374)
Depreciation	14,07,361	5,80,433
Tax (Provision for the Earlier Year)	-	8,00,000
Add: (Deferred Tax Assets - As - 22)	-	8,91,920
Profit / (Loss) for the year	21,87,770	(14,85,887)

2. OPERATIONS:

The production of Fishing Nets during the year amounted to 210 Tons as against 208 Tons for the previous year. The Income from Operations amounted to Rs.7.07 Crores as against Rs.5.69 Crores for the previous year, approximately 25% higher. The Company's Net Profit for the year stood at Rs.21.88 Lakhs as against a Loss of Rs.14.86 Lakhs for the previous year.

In view of the changed scenario in the fisheries industry and fortunes of the Company, it is felt prudent to lease out the Ahmednagar plant of the Company at a fee and concentrate more on the repair division & other diversification which the Company is seeking. By this method, the lessee Company should be able to run the plant at higher capacities and buy raw material at cheaper prices. This, it is believed, will better the fortunes of the Company and give it a new look in months to come. It will also unburden the Company of some of the arduous tasks that it has been facing, as shareholders know, in the last few years and it is likely that there will be change in the tide if this route is followed.

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 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 Provisions of the Companies Act, 1956, for safe guarding 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:

The unclaimed deposits amounting to Rs.22,000/- have been transferred to the Investor Education & Protection Fund of the Government.



5. DIRECTORS:

During the year under review, Mr. A. K. Thanavala and Mr. S. N. Gupta, Directors, resigned from their offices of Directorship. The Board places on record its sincere appreciation of the services rendered by them during their tenure as Directors.

Shri C. V. Ramachandran, Director of the Company retires by rotation and being eligible, offers himself for re-appointment. Members are requested to re-appoint him.

6. AUDITORS:

You are requested to appoint Auditors for the current year ending 31st December 2004 and to fix their remuneration.

With regard to the Auditors' Report, the Notes to the Accounts are Self-explanatory.

7. PERSONNEL:

The relations with Employees at Ahmednagar have been satisfactory of late.

The relations with the Employees at Head Office are cordial.

The Company did not have any Employees 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 for its compliance is given as 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. The United Western Bank Limited and The Shamrao Vithal Co-operative Bank Limited for their continued support.

On Behalf of the Board

ASHOK GARWARE
Chairman

Place : Mumbai

Dated : 22nd May, 2004

ANNEXURE 1 TO DIRECTORS' REPORT

FORM - A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

	Current period 01.01.2003 to 31.12.2003	Previous Year 01.01.2002 to 31.12.2002
A. POWER AND FUEL CONSUMPTION		
FISH KNITTED FABRICS / TWINE		
1. Electricity		
(a) Purchased Units (in Kwh)	4,20,798	1,74,077
Total Amount (Rs.)	19,63,765	8,91,273
Rate Per Unit (Rs.) (Avg.)	4.67	5.12
(b) Own Generation		
i) Through Diesel Generator		
Unit (in Kwh)	740	26,960
Unit per Litre of Diesel Oil	3.27	3.20
Cost per Unit	5.68	5.75
ii) Through Steam Turbine-Generator		
	NIL	NIL
2. Coal		
	NIL	NIL
3. Furnace Oil		
i) H.S.D.		
Quantity (K. Litres)	16,230	32.50
Total Amount (Rs.)	3,91,714	4,03,978
Rate per Unit (Rs.)	24.14	18.25
EXPANDED PVC FLOATS / TWINE		
1. Electricity		
(a) Purchased		
Units (in Kwh)	NIL	1,87,234
Total Amount (Rs.)	NIL	9,53,369
Rate per Unit (Rs.) (Avg.)	NIL	5.09
2. Coal		
	NIL	NIL
3. Furnace Oil		
i) L.D.O.		
Quantity (K. Litres)	NIL	17.65
Total Amount (Rs.)	NIL	2,20,509
Rate per Unit (Rs.)	NIL	21.05

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

	Standard (If any)	01.01.2003 to 31.12.2003	01.01.2002 to 31.12.2002
FISH KNITTED FABRICS/TWINE			
Electricity (Kwh)	N.A.	1.65	1.47
Furnace Oil			
H.S.D. (Ltrs.)	N.A.	0.11	0.13

CONSERVATION OF ENERGY DURING THE PERIOD UNDER REVIEW :

- 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.
- Additional investment and proposals, if any, being implemented for reduction of consumption of energy : NIL
- 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.

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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, 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 reckonéd from the beginning of the financial year :

Not applicable.

FOREIGN EXCHANGE EARNINGS AND OUTGO :

Total foreign exchange earned - Rs. 15,80,833

Total foreign exchange used - Rs. 15,54,158

On Behalf of the Board

ASHOK GARWARE
Chairman

Place : Mumbai

Date : 22nd May, 2004.

FORM - B

FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION OF TECHNOLOGY

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On Behalf of the Board

ASHOK GARWARE
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Place : Mumbai

Date : 22nd May, 2004.