

GARWARE MARINE INDUSTRIES LIMITED

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TWENTY SEVENTH ANNUAL REPORT
2004

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.)
	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.
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	MESSRS. RAMAN S. SHAH & ASSOCIATES Chartered Accountants	
SOLICITORS	V. DESHPANDE & CO. Advocates & Solicitors	
REGISTERED OFFICE	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.	

NOTICE

Notice is hereby given that the Twenty Seventh Annual General Meeting of the Members of Garware Marine Industries Ltd. will be held at "Garware Sabhagriha", F.P.H. Building, Lala Lajpatrai Marg, Haji Ali, Mumbai - 400 034, on Wednesday, 29th June, 2005 at 9.30 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st December, 2004 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 Dr. B. M. Saraiya, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

By Order of the Board

A. C. Chandarana
Company Secretary

Registered Office

Chander Mukhi,
Nariman Point,
Mumbai - 400 021.

Date: 20th May, 2005

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 NEEDED NOT BE A MEMBER.
2. The Register of Members and Share Transfer books of the Company will remain closed from 22nd June, 2005, to 29th June, 2005 (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 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.
4. Members are requested to notify the change in address, if any, immediately, quoting their Client ID No./ Folio No., Number of Shares held, etc. to the Company's Share Transfer Agents, 'M/s Bigshare Services Pvt. Ltd.'
5. Member holding shares in identical order of names in more than one Folio, are requested to write to the Company's Registered office and / or Share Transfer Agent, and send their Share Certificates to enable consolidation of their holding into one Folio.
6. All enquires and correspondence regarding Transfer of Shares, Dematerialisation, etc. should be addressed to Registrar and Share Transfer Agents of the Company, M/s Bigshare Services Pvt. Ltd., E-2/3 Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai - 400 072.
7. **Brief resume of Dr. B.M. Saraiya:**

Dr. B.M. Saraiya is a Senior General Practitioner (MBBS) with over 35 years of experience in both Private Practice and in Government Organisations as BEST and Air India. He is also the Architect of claim processing in start-up of New Third Party Insurance.

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He is presently a life member of reputed Medical Organisations viz., Indian Medical Association, General Practitioners Association and others. He is also a recipient of many Awards from the Medical Fraternity.

He also has experience in administration of Medical establishments.

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 can be furnished will be furnished to the members.
8. Members are requested to bring their copy of the Annual Report to the Meeting.

By Order of the Board

A. C. Chandarana
Company Secretary

Registered Office

Chander Mukhi,
Nariman Point,
Mumbai – 400 021.

Date: 20th May, 2005



DIRECTORS' REPORTFOR THE YEAR ENDED 31ST DECEMBER 2004

TO

THE MEMBERS

	Year Ended 31.12.2004 Rupees	Year Ended 31.12.2003 Rupees
1. FINANCIAL RESULTS:		
PROFIT BEFORE INTEREST, DEPRECIATION AND TAX	1,59,18,430	12076082
INTEREST	1,09,63,693	8480951
PROFIT / (LOSS) BEFORE DEPRECIATION AND TAX	49,54,737	35,95,131
DEPRECIATION	15,50,787	14,07,361
TAX INCLUDING DEFERRED TAX	-	-
PROFIT/ (LOSS) FOR THE YEAR	34,03,950	21,87,770

2. OPERATIONS:

During the year under review, the Company's income from operations increased by 38%. Production of Fishing Nets increased from 210.485 tons to 264.440 tons (by 25.65 %).

The net profit of the Company rose for the year by 55%. Raw Material prices rose by approximately 50% during the year on account of higher oil prices.

The coastline of India was devastated by the Tsunamis on 26/12/2004, as a result of which, the paranoia about the ocean in the fishermen's mind led to a complete standstill in fishing. The off take of the Company's product was adversely affected in the first quarter of the current year. However, there has been a marked improvement in demand for the Company's products and subsequently the Company's operations, recently.

The existing cash credit facility granted to the Company has been converted into Working Capital Term Loan aggregating to Rs.413 Lacs repayable over a period at seven years after a moratorium of six months.

In view of carried forward losses your Directors regret their inability to recommend any dividend for year under view.

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 judgments 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 safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

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

4. FIXED DEPOSITS:

During the period under review, the Company has not accepted any deposit from public and shareholders.

5. DIRECTORS:

Dr. B. M. Saraiya, Director, retires by rotation and being eligible, offers himself for re-appointment. The members are requested to re-appoint him.

6. AUDITORS:

You are requested to appoint Auditors for the current year ending 31st December 2005 and to fix their remuneration.

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

7. PERSONNEL:

The relations with Employees at Ahmednagar have improved in the year and it is hoped, this trend will continue.

The relations with the Employees at Head Office are extremely satisfactory.

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 The Shamrao Vithal Co-operative Bank Limited for their continued support.

On Behalf of the Board

ASHOK GARWARE
Chairman

Place : Mumbai

Dated : 20th May,2005

ANNEXURE 1 TO DIRECTORS' REPORT

FORM - A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

	Current period 01.01.2004 to 31.12.2004	Previous Year 01.01.2003 to 31.12.2003
A. POWER AND FUEL CONSUMPTION		
FISH KNITTED FABRICS / TWINE		
1. Electricity		
(a) Purchased Units (in Kwh)	5,01,423	4,20,798
Total Amount (Rs.)	20,70,870	19,63,765
Rate Per Unit (Rs.) (Avg.)	4.13	4.67
(b) Own Generation		
Through Diesel Generator		
Unit (in Kwh)	NIL	740
Unit per Litre of Diesel Oil	NIL	3.27
Cost per Unit	NIL	5.68
2. Furnace Oil		
i) H.S.D.		
Quantity (K. Litres)	16,231	16,230
Total Amount (Rs.)	4,44,463	3,91,714
Rate per Unit (Rs.)	27.68	24.14

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

	Standard (If any)	01.01.2004 to 31.12.2004	01.01.2003 to 31.12.2003
FISH KNITTED FABRICS/TWINE			
Electricity (Kwh)	N.A.	1.90	1.65
Furnace Oil			
H.S.D. (Ltrs.)	N.A.	0.06	0.11

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 help 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 production 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 within India and Internationally.

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 - Rs. 11,84,983

Total foreign exchange used - Rs. Nil

On Behalf of the Board

ASHOK GARWARE
Chairman

Place : Mumbai

Date : 20th May, 2005.

REPORT ON CORPORATE GOVERNANCE

1. BOARD OF DIRECTORS:

The Board has strength of Five Members and all the Directors are Non-Executive Directors, Professionally Well-Qualified.

Six Board Meetings were held during the Financial Year on the following Dates :

31 st January, 2004	11 th June, 2004
30 th April, 2004	22 nd July, 2004
22 nd May, 2004	7 th October, 2004

Attendance at Board Meetings and AGM

Name of Directors	No. of Board Meetings Attended	Attendance at last AGM	Remarks
Mr. Ashok Garware (Chairman)	6	Yes	—
Mr. Aditya Garware	6	Yes	—
Mr. V.V. Desai	5	Yes	—
DR. B. M. Saraiya	4	No	—
Mr. C. V. Ramachandran	6	Yes	—

The Directors are paid sitting fees of Rs.1,000/- per meeting (w.e.f. 20th May, 2005 raised to Rs.2,000/- per meeting) of the Board of Directors attended by them.

2. AUDIT COMMITTEE :

The Audit Committee consists of 3 members viz. Mr. Aditya A. Garware, Mr. C. V. Ramachandran and Dr. B. M. Saraiya. All three committee members are Non-Executive Directors. Mr. C. V. Ramachandran acts as Chairman of the Committee.

The Company Secretary acts as Secretary of the Committee.

3. REMUNERATION COMMITTEE:

As all the Directors are Non-Executive and do not draw any remuneration, the Remuneration Committee is not appointed.

4. SHARE TRANSFER COMMITTEE:

Mr. Aditya A. Garware, Mr. C. V. Ramachandran and Dr. B. M. Saraiya are the members. All three Committee members are Non-Executive Directors. Mr. C. V. Ramachandran is the Chairman of the Committee. The Committee meets once a fortnight to approve, interalia, transfer/ transmission of shares, issues of duplicate shares and consolidation of shares. The committee also reviews the status of investor grievances and the company's redressal mechanism and recommends measures to improve the quality of services to investor.

The Company Secretary acts as the Compliance Officer of the Company.

5. GENERAL BODY MEETINGS:

The last Three Annual General Meetings (AGM) of the Company were held on 30.06.2004, 30.06.2003 & 28.06.2002 at "Garware Sabhagriha", F.P.H. Building, Lala Lajpatrai Marg, Haji Ali, Mumbai at 9:30 a.m. No Special resolutions were passed at the last three Annual General Meetings.

During the year under review, one ordinary resolution was put through Postal Ballot for Sale of Company's Unit at Aurangabad. 927 Valid Postal Ballot Forms representing 14,44,911 equity shares were received by the Company. Out of this, 881 Postal ballot Forms representing 14,36,472 equity shares voted 'in favour' of the resolution. 46 Postal Ballot Forms representing 8,439 equity shares voted 'against' the resolution. Messrs Crawford Bayley & Co. were appointed as scrutineers for conduct of the Postal Ballot.

No Resolution is proposed to be passed by Postal Ballot at the ensuing Annual General Meeting.