



GARWARE MARINE INDUSTRIES LIMITED

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**TWENTY EIGHTH ANNUAL REPORT
2005-06**



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.
GENERAL MANAGER (OPERATIONS)	S.V. ATRE	B.Sc. ENGG., D.M.M.
BANKERS	IDBI Bank Ltd. (erstwhile 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	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 Eighth Annual General Meeting of the Members of Garware Marine Industries Limited will be held on Friday, 29th December, 2006 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 30th June, 2006 and the Profit & Loss Account for the 18 months period ended on that date together with Directors' and Auditors' Reports thereon.
2. To declare dividend.
3. To appoint a Director in place of Shri Ashok B. Garware who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. V.V. Desai who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and if thought fit to pass the following with or without modification as an 'Ordinary' Resolution.

"RESOLVED THAT Messrs. Raman S. Shah & Associates, Chartered Accountants be and are hereby authorised to receive an additional remuneration of Rs.35,000/- and the reimbursement of out of pocket Expenses incurred by them for the six months period i.e. from 1st January, 2006 to 30th June, 2006 for the extended period of the Financial Year from 1st January, 2006 to 30th June, 2006."

Registered Office :

Chander Mukhi
Nariman Point
Mumbai - 400 021

Date : 28th November, 2006

By Order of the Board

A.C. CHANDARANA
COMPANY SECRETARY

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 of The Companies Act, 1956 for special business is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from 27th December, 2006 to 29th December, 2006 (both day inclusive).
4. Brief Profile of Directors to be re-appointed.

MR. ASHOK B. GARWARE

Mr. Ashok B. Garware, age 69 years, M.A. (Cantab) has Business experience spanning over four decades. He has held several important positions in various Associations. In the past he has been President of Bombay chamber of Commerce and Industry, Trustee - Bombay Port Trust and Member of IDBI.

MR. V.V. DESAI

Mr. V.V. Desai, age 46 years, B.Com, L.L.B., D.A.M., has Administrative and Marketing Experience of over 17 years in various fields like Paints, Rural Products and Appliances. Presently, he is engaged in the field of providing solutions to overcome Chronic Liquid Pollution problems created by various Industries. The Company promoted by him has successfully developed the formulations for "TREATMENT & RE-CYCLING OF LIQUID WASTE FROM INDUSTRIES LIKE DISTILLERY, TEXTILE, DAIRY, PAPER, and SUGAR ETC."

5. For the Convenience of Members, an Attendance Slip is annexed to the Proxy Form, Members are requested to fill in and affix 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 / Proxyholder.

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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, Saki Vihar Road, Sakinaka, Andheri (E), Mumbai - 400 072. Tel. No.28470652, Fax No.28475207.

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 Annual Report at the Meeting.

Registered Office :

Chander Mukhi
Nariman Point
Mumbai - 400 021

Date : 28th November, 2006

By Order of the Board

A.C. CHANDARANA
COMPANY SECRETARY

ANNEXURE TO THE NOTICE

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

ITEM NO. 6

At the Annual General Meeting held on 29th June, 2005, the Shareholders approved the appointment of the statutory Auditors M/s. Raman S. Shah & Associates from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting at a remuneration of Rs.70,000/- p.a. and reimbursement of out of pocket expenses. In view of the extension of the Financial Year by six months from 1st January, 2006 to 30th June, 2006, the members are requested to approve an additional payment of Rs.35,000/- and reimbursement of out of pocket expenses incurred by them during the period 1st January, 2006 to 30th June, 2006.

None of the Directors are interested in passing of the Resolution.

Registered Office :

Chander Mukhi
Nariman Point
Mumbai - 400 021

Date : 28th November, 2006

By Order of the Board

A.C. CHANDARANA
COMPANY SECRETARY



DIRECTORS' REPORT

FOR 18 MONTHS PERIOD ENDED 30TH JUNE, 2006

TO
THE MEMBERS

	18 months period ended 30.06.2006	Rs. in Lacs Year ended 31.12.2004
1. FINANCIAL RESULTS :		
Income from Operations / Other Income	1,730.71	1,113.70
Expenses	1,557.39	954.52
Profit before Interest, Depreciation & Tax	173.32	159.18
Interest	96.72	109.64
Profit before Depreciation & Tax	76.60	49.54
Depreciation & Amortisation	22.91	15.50
Fringe Benefit Tax	0.58	-
Net Profit for the year	53.11	34.04

2. DIVIDEND :

The Board of Directors is pleased to recommend Dividend @ 5 % (previous year - Nil) subject to the approval of the Members at the ensuing Annual General Meeting out of the Current Profits of the company on 49,46,184 Equity Shares of Rs.10/-. The Cash Outflow on account of Dividend will be Rs.28.20 Lacs (previous year - Nil) inclusive of tax on Dividend.

3. OPERATIONS :

The effects of the Tsunami disaster, which hit India at the end of the previous accounting period, were felt for part of the period under review. Lives of millions of people especially Fishermen who lived along the Coast of Eastern India and in Sri Lanka were in total ruin. Even in other coasts fishermen displayed fear to venture out in the sea - a result of the phobia created by Tsunami. This in turn affected the Company's business and production, which has been reflected in the present period.

During the period under review, the Company's production was 406.831 M.T. (previous year 264.440 M.T.). Income from Operation for period under review was Rs.1,652.87 Lacs as against Rs.994.10 Lacs for the year 2004.

The market witnessed an upswing in demand from the beginning of Year-2006. The outlook for the coming months also seems to be promising. Requisite steps to maximize the benefit of current demand to the Company have been initiated.

4. 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 18 months period 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.
- d. That they have prepared the Annual Accounts on a going concern basis.

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5. FIXED DEPOSITS :

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

6. DIRECTORS :

Mr. Ashok B. Garware and Mr. V.V. Desai, Directors, retire by rotation and being eligible, offer themselves for re-election. The members are requested to elect them.

7. AUDITORS :

You are requested to appoint Auditors for the current year ending 30th June, 2007 and to fix their remuneration.

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

8. PERSONNEL :

Relations with Employees at Ahmednagar continue to be cordial and satisfactory.

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.

9. CORPORATE GOVERNANCE :

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

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 Form A & B in annexure 1 of the Report.

11. WORKING CAPITAL LIMITS WITH BANKERS :

During the period under review, the Bankers of the Company have acceded to the Company's request to convert the existing Working Capital Limits into a Working Capital Term Loan (WCTL) to be repaid over 7 years. This is of benefit to the Company as interest liability will progressively decline over the tenure of the loan.

12. ACKNOWLEDGEMENT :

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

The Board is extremely grateful to the Company's Bankers viz. IDBI Bank Ltd. (erstwhile United Western Bank Ltd.) and The Shamrao Vithal Co-operative Bank Ltd. for their continued support and the proactive role played by them.

On Behalf of the Board

Place : Mumbai
Dated : 28th November, 2006

ASHOK B. GARWARE
CHAIRMAN



ANNEXURE 1 TO DIRECTORS' REPORT

FORM - A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

	<u>Current Period</u> <u>01.01.2005</u> <u>to 30.06.2006</u> <u>(18 MONTHS)</u>	<u>Previous Year</u> <u>01.01.2004</u> <u>to 31.12.2004</u> <u>(12 MONTHS)</u>	
A. POWER AND FUEL CONSUMPTION			
FISH KNITTED FABRICS / TWINE			
Electricity			
(a) Purchased Units (in Kwh)	7,24,962	5,01,423	
Total Amount (Rs.)	31,82,906	20,70,870	
Rate Per Unit (Rs.) (Avg.)	4.39	4.13	
(b) Own Generation			
1) Through Diesel Generator			
Unit (in Kwh)	27,792	16,231	
Unit per Litre of Diesel Oil	8,84,125	4,44,463	
Cost per Unit	31.81	27.38	
(B) CONSUMPTION PER UNIT (KG.) OF PRODUCTION			
	<u>Standard</u> <u>(If any)</u>	<u>01.01.2005</u> <u>to 30.06.2006</u>	<u>01.01.2004</u> <u>to 31.12.2004</u>
FISH KNITTED FABRICS/TWINE			
Electricity (Kwh)	N.A.	1.78	1.90
Furnace Oil			
H.S.D. (Ltrs.)	N.A.	0.07	0.06

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 : NIL
- 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, as a result of which the quality of the products has improved considerably.

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

- a) Improved acceptance of products in the Market within India and Internationally.
- b) New Product launch in niche 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, ADAPTION 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

Place : Mumbai
Date : 28th November, 2006

ASHOK GARWARE
CHAIRMAN