



GARWARE MARINE INDUSTRIES LIMITED

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**THIRTIETH ANNUAL REPORT
2007-08**

GARWARE MARINE INDUSTRIES LIMITED

Thirtieth Annual Report 2007-08

**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 (Vice-chairman)	M.B.A. (U.S.A.)
	V. V. DESAI	B.Com., L.L.B., D.A.M.
	DR. B. M. SARAIYA	M.B.B.S.
	C. V. RAMACHANDRAN	B.Com., L.L.B., F.C.S., D.T.M. DIP. A.
	S. V. ATRE (Executive Director)	B.Sc. ENGG., D.M.M.
COMPANY SECRETARY	A. C. CHANDARANA	B.Com., L.L.B., F.C.S.
BANKERS	IDBI 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.	

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Thirtieth Annual Report 2007-08

NOTICE

NOTICE is hereby given that the Thirtieth Annual General Meeting of the Members of Garware Marine Industries Limited will be held on Monday, 29th December, 2008 at 9.30 A.M. at "Garware Sabhagriha", F.P.H. Building, 5th Floor, 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, 2008 and the Profit & Loss Account for the year ended on that date together with Directors' and Auditors' Reports thereon.
2. To declare dividend.
3. To appoint a Director in place of Dr. B. M. Saraiya 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 fix their remuneration.

Registered Office :

Chander Mukhi
Nariman Point
Mumbai – 400 021

By Order of the Board

A.C. CHANDARANA
COMPANY SECRETARY

Date : 17th November, 2008

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 Share Transfer Books of the Company will remain closed from 23rd December, 2008 to 29th December, 2008 (both days inclusive).
3. Brief Profile of Directors to be re-appointed.

Name of Director	Mr. Vikas Vishwanath Desai	Dr. Bhupendra Maneklal Saraiya
Date of Birth	15.11.1958	8.6.1944
Nationality	Indian	Indian
Date of Appointment on the Board	12.7.1999	18.10.2001
Qualifications	B.Com.,L.L.B., D.A.M.	M.B.B.S
Expertise in Functional Area	Administrative, Marketing & Manufacturing.	Senior General Practitioner. He is also the Architect of claim processing in start-up of Third Party Insurance.
No. of Shares held in the Company.	NIL	NIL
List of Directorships held in other Companies	i) Nirantan Bio-tech Pvt. Ltd. ii) Shree Eco Energies Enviro Pvt. Ltd.	NIL
Chairman/Member of Committee of the Boards of other Companies in which he is a Director	NIL	NIL



4. 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 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.
5. 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 :

6. 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.
7. Members are requested to bring their copy of Annual Report at the Meeting.

Registered Office :

Chander Mukhi
Nariman Point
Mumbai - 400 021

Date : 17th November, 2008

By Order of the Board

A.C. CHANDARANA
COMPANY SECRETARY

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Thirtieth Annual Report 2007-08

DIRECTORS' REPORT

FOR THE YEAR ENDED 30TH JUNE, 2008.

TO
THE MEMBERS

	Rs. in Lacs	
	Year ended 30.06.2008	Year ended 30.06.2007
1. FINANCIAL RESULTS :		
Income from Operations / Other Income	1,199.48	1,281.92
Expenses	1,079.87	1,137.27
Profit before Interest, Depreciation & Tax	119.61	144.65
Interest & Finance Charges	45.80	49.81
Profit before Depreciation & Tax	73.81	94.84
Depreciation & Amortisation	16.00	16.34
Provision for Tax (including Fringe Benefit Tax)	11.50	11.76
Net Profit for the year	46.31	66.74

2. DIVIDEND :

The Board of Directors is pleased to recommend Dividend @ 5% (previous year – 5%) 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. 28.93 Lacs (previous year – Rs.28.93 Lacs) inclusive of tax on Dividend.

3. OPERATIONS :

During the year under review, production was 333.633 M.T. (previous year 370 M.T.), mainly in view of a depressed demand for the fourth quarter of the Financial Year, (in view of the monsoon). Income from operation was Rs.1155.17 Lacs for 12 months (previous year Rs.1197.09 Lacs). A provision for Tax of Rs.11.50 Lacs was made for the year under review (previous year Rs.11.76 Lacs). Interest and Finance charges were reduced to Rs.45.80 Lacs (previous year Rs.49.81 Lacs).

The operating profit for the year stood at Rs.73.80 Lacs (previous year Rs.94.84 Lacs). The Profit after tax was Rs.46.31 Lacs (previous year Rs.66.74 Lacs), an decrease of 31%. Net profit is lower by approx. Rs.20 Lacs mainly due to lower production as also a substantial drop in other Income.

The market outlook for the current year is positive even though there was a slowdown in the off take of output during the monsoon season. Plans to improve productivity and profitability are under active consideration.

4. INSTALLATION OF NEW MACHINERY

Three New Net making Machines were installed at the Ahmednagar Plant. All the Machines were commissioned and commercial production commenced in July, 2008. This will help Company in increasing cost effective production.

5. PREFERENTIAL ALLOTMENT

Pursuant to the Shareholders permission 8,20,000 Share Warrants were allotted on 11.02.2008 to Promoters and Non-Promoters.



6. 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.
- d. That they have prepared the Annual Accounts on a going concern basis.

7. FIXED DEPOSITS :

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

8. DIRECTORS :

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

9. AUDITORS & AUDITORS' REPORT :

You are requested to appoint Auditors for the current year ending 30th June, 2009 and to fix their remuneration.

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

10. PERSONNEL :

The relations with Employees continue to be cordial.

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

11. CORPORATE GOVERNANCE :

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

12. 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.

13. ACKNOWLEDGEMENT :

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

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

On Behalf of the Board

ASHOK B. GARWARE
CHAIRMAN

Place : Mumbai
Dated : 17th November, 2008

GARWARE MARINE INDUSTRIES LIMITED

Thirtieth Annual Report 2007-08

ANNEXURE 1 TO DIRECTORS' REPORT**FORM - A**

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

		Current Year ended 30.06.2008	Previous Year ended 30.06.2007
A. POWER AND FUEL CONSUMPTION			
FISH KNITTED FABRICS / TWINE			
Electricity			
(a)	Purchased Units (in Kwh)	4,76,292	5,08,035
	Total Amount (Rs.)	24,82,091	26,66,542
	Rate Per Unit (Rs.) (Avg.)	5.21	5.25
(b)	Own Generation		
	l) Through Diesel Generator		
	Unit (in Kwh)	25,852	26,482
	Total Amount (Rs.)	8,31,538	8,89,809
	Cost per litre (Rs.) (Avg.)	32.16	33.60
(B) CONSUMPTION PER UNIT (KG.) OF PRODUCTION			
	Standard (If any)	01.07.2007 to 30.06.2008	01.07.2006 to 30.06.2007
FISH KNITTED FABRICS/TWINE			
	Electricity (Kwh)	1.43	1.37
	Furnace Oil		
	H.S.D. (Ltrs.)	0.08	0.07

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 throughout India.
- 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, 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 - Rs. 119.46 lacs

Place : Mumbai

Dated : 17th November, 2008

On Behalf of the Board

ASHOK B. GARWARE
Chairman

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Thirtieth Annual Report 2007-08

MANAGEMENT DISCUSSION AND ANALYSIS REPORT**INDUSTRIAL STRUCTURE & DEVELOPMENT :**

As you know your Company mainly caters to Fishing Industry situated along the coastline of India. The Company manufactures Nylon Multi Filament Fishing Nets in various sizes. We believe that your Company dominates the Nylon Filament Fishing Net market in the Country amongst the organized sector under the "GARWARE" brand name. The "GARWARE" brand name is accepted throughout the Country and is a preferred product for the fishermen. However, the fishnet market growth has been marginal over the past 2 to 3 years and is dependent on the vagaries of nature.

Your Company has already commenced its programme of replacing some of the machines with the installation of 3 new machines at the factory in Ahmednagar. This has helped in improving productivity of the factory.

OPPORTUNITIES & THREATS :

The Company seems to have good opportunities due to the various incentives given by the Government to the fishing industry.

The main threat that the Company faces are from the unorganized sector and the gradual presence of Chinese Fishing Nets.

Further, the World Fish population has depleted by 3%. The current market scenario with recessionary trend is likely to affect business in the current fiscal.

OUTLOOK :

We anticipate further improvement of productivity at the plant level with the addition of new machines. With continuously reducing interest burden, the Company's performance is expected to improve.

INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY :

Your Company has a well defined internal Control System for all the functions which is satisfactory.

FINANCIAL & OPERATIONAL PERFORMANCE :

- i) Operating profit ratio's of the Company : 12.93%
- ii) Current ratio of the Company : 2.93 : 1
- iii) The Company has a debt-equity ratio : 0.47 : 1

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED:

Relations with the Union and the Staff are cordial.

The total strength of the employees of the Company stands at 167. Efforts are being made to regularise the same.

FORWARD-LOOKING STATEMENTS :

Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.



REPORT ON CORPORATE GOVERNANCE

1. BOARD OF DIRECTORS :

The Board of the Directors comprises of Professionally Well-Qualified Individuals and consists of Six Members. Shri Ashok Garware is Chairman, Shri Aditya Garware is Vice Chairman and Shri S.V. Atre is the Executive Director of the Company. All other Directors are Independent and Non-Executive Directors.

Five Board Meetings were held during 12 months period ended 30th June, 2008 on following dates :

30th July, 2007

31st October, 2007

30th November, 2007

30th January, 2008

30th April, 2008

Attendance of Directors at each Board Meetings and the AGM during the year under review.

Name of Directors	No. of Board Meetings Attended	Attendance at last AGM	No. of other	
			Directorship	Committee Membership
Mr. Ashok Garware, Chairman	5	Yes	9	--
Mr. Aditya Garware, Vice Chairman	5	Yes	11	--
Dr. B.M. Saraiya	4	Yes	--	--
Mr. V.V. Desai	3	Yes	2	--
Mr. C.V. Ramachandran	5	Yes	1	--
Mr. S.V. Atre, Executive Director (appointed w.e.f. 30.11.07)	3	Yes	--	--

During the year under review, the Directors were paid sitting fees of Rs.2,000/- for attending each meeting of the Board of Directors. W.e.f. 24.10.2008, the Sitting Fees payable to the Directors was increased to Rs.4000/- for attending each meeting of the Board of Directors.

Details of the remuneration paid to Mr. S.V. Atre, Executive Director.

S.No.	Particulars	Amount (Rs.) (From Nov'07 to June'08)
1.	Salary	4,04,032
2.	Leave Travel Allowance	20,000
3.	Medical Allowance	20,000
4.	Ex-gratia	12,500
	Total	4,56,532

No Sitting fees are paid to any Directors for attending any meeting of Committee of Directors viz., Audit Committee and Share Transfer Committee.