



**GARWARE MARINE INDUSTRIES LIMITED**

**THIRTY THIRD ANNUAL REPORT  
2010-11**





## **GARWARE MARINE INDUSTRIES LIMITED**

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

<b>BOARD OF DIRECTORS</b>	ASHOK B. GARWARE (Chairman)	M.A. (Cantab)
	ADITYA A. 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.
	RAJIV S. KHANNA	B.Com., (Economics)
	S. V. ATRE (Executive Director)	B.Sc. ENGG., D.M.M.
<b>COMPANY SECRETARY</b>	Ms. P. S. NAMBIAR	B.Com, LL. B, A.C.S, PGDFM
<b>BANKERS</b>	IDBI Bank Ltd. The Shamrao Vithal Co-Op. Bank. Ltd.	
<b>AUDITORS</b>	MESSRS. RAMAN S. SHAH & ASSOCIATES Chartered Accountants	
<b>REGISTERED OFFICE</b>	302, Swapnabhoomi, 'A' Wing, S. K. Bole Road, Dadar (W.), Mumbai - 400 028	
<b>FACTORY</b>	E-9/10, M.I.D.C. Industrial Area, Ahmednagar - 414 001 (Maharashtra)	
<b>REGISTRAR &amp; SHARE TRANSFER AGENT</b>	Bigshare Services Pvt. Ltd. E-2/3 Ansa Industrial Estate, Saki Vihar Road, Sakinaka, Andheri (E), Mumbai - 400 072	

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**NOTICE**

NOTICE is hereby given that the Thirty Third Annual General Meeting of the Members of Garware Marine Industries Limited will be held on Thursday, 29<sup>th</sup> December 2011 at 9.30 A.M., at "Garware Sabhagriha", F.P.H. Building, 5<sup>th</sup> Floor, Lala Lajpatrai Marg, Haji Ali, Mumbai - 400 034 to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 30<sup>th</sup> June 2011 and Profit and Loss Account for the year ended on that date together with the Directors' and Auditors' Report thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Mr. Ashok B. Garware, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Vikas V. Desai, who retires by rotation and being eligible, offers himself for re-appointment.
5. To re-appoint Messers. Raman S. Shah & Associates, Chartered Accountants, as Statutory Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

**By Order of the Board**

Sd/-

**P. S. NAMBIAR**  
**COMPANY SECRETARY**

**Registered Office:**

302, Swapnabhoomi,  
'A' Wing, S.K. Bole Road,  
Dadar-(W), Mumbai – 400 028

**Date** : 15<sup>th</sup> November 2011

**Place** : Mumbai

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXY (IES) TO ATTEND AND VOTE ONLY ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The Register of Members and Share Transfer books of the Company will remain closed from 22<sup>nd</sup> December 2011 to 29<sup>th</sup> December 2011 (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 signatures 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 bank details, 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. Members holding shares in identical order of names in more than one folio(s) 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 enquiries and correspondence regarding Transfer/Transmission of Shares, Dematerialisation, etc. should be addressed to Registrars 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. Details of Directors seeking appointment/re-appointment at the ensuing Annual General Meeting (in pursuance of Clause 49 of the Listing Agreement):

<b>Name of Director</b>	Mr. Ashok Bhalchandra Garware	Mr. Vikas Vishwanath Desai
<b>Date of Birth</b>	15.10.1938	15.11.1958
<b>Nationality</b>	Indian	Indian
<b>Date of Appointment on Board</b>	11.02.1982	12.07.1999
<b>Qualifications</b>	M.A.(Cantab)	B.Com, L.L.B.,D.A.M.
<b>Expertise in Functional Area</b>	Management Administration Public Relations	Administrative Marketing & Manufacturing
<b>No. of Shares held in the Company (As on 30.09.2011)</b>	7,60,612 Equity Shares	NIL
<b>List of Directorships held in other Companies</b>	1. Global Offshore Services Limited 2. Garware Offshore International Services Pte. Limited, Singapore 3. Global Offshore Services B.V., The Netherlands 4. Garware International Management Limited 5. Adsu Trading & Investment Co. Pvt. Ltd. 6. Asuad Trading & Investment Company Pvt. Ltd. 7. Aybeegee Investment Company Pvt. Ltd. 8. Masu Trading & Investment Company Pvt. Ltd. 9. Universal Investment Services Pvt. Ltd. 10. Mauve Trading Company Pvt. Ltd.	1. Nirantan Bio-tech Private Limited 2. Shree Eco Energies Enviro Private Limited
<b>Chairman/Member of Committee of the Board of other Companies in which he is a Director</b>	One	NIL

**REQUEST TO THE MEMBERS:**

1. Members seeking any information on the Accounts at the Annual General Meeting are requested to write to the Company at least ten (10) working 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 given to the Members.
2. Members are requested to bring their Copy of the Annual Report to the Meeting.

**By Order of the Board**

Sd/-

**P. S. NAMBIAR  
COMPANY SECRETARY**

**Registered Office:**

302, Swapnabhoomi,  
'A' Wing, S.K. Bole Road,  
Dadar(W), Mumbai – 400 028

**Date** : 15<sup>th</sup> November 2011

**Place** : Mumbai

**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2011**

**TO  
THE MEMBERS**

(₹ in Lacs)

	<u>Year ended 30<sup>th</sup> June 11</u>	<u>Year ended 30<sup>th</sup> June 10</u>
<b>1. FINANCIAL RESULTS :</b>		
Income from Operations (including Other Income)	<b>1137.26</b>	1299.97
<b>Less:</b> Expenses	<b>1026.37</b>	1158.17
Profit before Interest, Depreciation & Tax	<b>110.89</b>	141.80
<b>Less:</b> Interest & Finance Charges	<b>22.95</b>	31.38
Profit before Depreciation & Tax	<b>87.94</b>	110.42
<b>Less:</b> Depreciation & Amortization	<b>41.99</b>	30.02
Provision for Tax	<b>3.85</b>	8.44
<b>Net Profit for the year</b>	<b>42.10</b>	71.96

**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 57,66,184 fully paid up Equity Shares of ₹ 10/- each. The Cash Outflow on account of Dividend will be ₹ 33.51 Lacs (previous year – ₹ 33.62 Lacs) inclusive of tax on Dividend.

**3. OPERATIONS:**

During the year under review, the Company sold 285.220 MT of fishing nets as against 328.896 MT in the previous year. Income from operations for the year under review was ₹ 1092.24 Lacs as against ₹ 1219.53 Lacs. There was increase in the cost of Raw Material during the year under review by almost 25%. The Company was able to pass on part of this increase in cost to the customers. In view of the raw material price increase and poor demand in certain areas, production has decreased by 15%. However the loss of production was offset by higher price realization during the year, to some extent. The Company witnessed poor demand in certain markets during the year on account of unexpected & unusual weather changes.

**4. FUTURE OUTLOOK:**

Though the Company has seen an improvement in demand, the market for the fishing nets remains to be lackluster due to the extended monsoon and the fact that the fish population, according to reports, has reduced by 3% which has led to a reduction in fish catch.

**5. 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 (save and except as stated in the Directors' Report) 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 year and the profit of the Company for that year ended as on 30<sup>th</sup> June 2011;



- 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.

**6. LISTING FEES TO STOCK EXCHANGES:**

The Company has paid the Listing Fees for the year 2011-12 to Bombay Stock Exchange Limited where the Shares of the Company are listed.

**7. FIXED DEPOSITS:**

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

**8. DIRECTORS:**

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

**9. AUDITORS & AUDITORS' REPORT:**

You are requested to re-appoint Statutory Auditors, Messrs. Raman S. Shah & Associates, Chartered Accountants for the current year and to fix their remuneration.

The Company has obtained a Certificate from Auditors certifying that their re-appointment, if made at the ensuing Annual General Meeting shall be within the limits prescribed under Section 224 (1-B) of the Companies Act 1956.

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 & MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

Corporate Governance & Management Discussion and Analysis Report along with the Auditors Statement of its compliance are 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 the Officers of the Company.

**On Behalf of the Board**

Sd/-

**ASHOK B. GARWARE**  
Chairman

**Date** : 15<sup>th</sup> November 2011

**Place** : Mumbai

**ANNEXURE 1 TO DIRECTORS' REPORT**

**FORM – A**

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

		<b>Current Year 01.07.2010 to 30.06.2011</b>	<b>Previous Year 01.07.2009 to 30.06.2010</b>
<b>A. POWER AND FUEL CONSUMPTION:</b>			
FISH KNITTED FABRICS/TWINE			
<b>Electricity</b>			
(a) Purchased Units (in Kwh)		<b>4,20,801</b>	4,31,046
Total Amount (₹)		<b>25,73,106</b>	23,32,430
Rate Per Unit (₹) (Avg.)		<b>6.11</b>	5.41
(b) Own Generation			
I) H.S.D.			
Purchased Units (in ltrs)		<b>19,252</b>	25,478
Total Amount (₹)		<b>7,91,432</b>	9,59,953
Cost per litre (₹) (Avg.)		<b>41.11</b>	37.68
	Standard, (if any)	<b>01.07.2010 to 30.06.2011</b>	01.07.2009 to 30.06.2010
<b>B. CONSUMPTION PER UNIT(K.G.) OF PRODUCTION:</b>			
FISH KNITTED FABRICS/TWINE			
Electricity (Kwh)	N.A.	<b>1.47</b>	1.28
Furnance Oil			
H.S.D.(Ltrs.)	N.A.	<b>0.07</b>	0.08

**CONSERVATION OF ENERGY DURING THE YEAR UNDER REVIEW:**

- a) Wherever possible, energy conservation measures have been implemented. Further efforts to conserve and optimize 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 :**

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, 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**

Sd/-

**ASHOK B. GARWARE**  
Chairman

**Date** : 15<sup>th</sup> November 2011

**Place** : Mumbai

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**MANAGEMENT DISCUSSION AND ANALYSIS REPORT****ECONOMIC SCENARIO IN FY 2010-11:**

The Indian Economy continued to grow at a healthy pace with good growth in sectors like manufacturing, constructions, transportation, real estate, communication and a revival in the agriculture sector. GDP grew by 8.6% during the said period. Further the impact of a global financial crisis was considerably reduced with stimulus packages and other measures showing encouraging results in the developed world, especially in some European countries.

During 2010-11 for the first time in the history of Marine product exports, the export earnings have crossed 2.8 billion USD. This is also first time export has crossed all previous records in quantity, rupee value and USD terms. Exports aggregated to 8,13,091 tonnes valued at ₹ 12,901.47 crore and USD 2,856.92 million. Compared to the previous year, seafood exports recorded a growth of 19.85% in quantity, 28.39% in rupee and 33.95% growth in USD earnings respectively.

The Marine Products exports have strengthened India's presence in Southeast Asia and Middle East where the increase in quantity has been 57% and 26% respectively. There is a significant increase in exports to African countries in comparison to previous year, although the total exports to Africa remains very low compared to other regions.

'Marine Exports Products Development Authority' (MEPDA) envisage an ambitious target of 4 Billion USD Marine Products Exports for the year 2011-12. Increased production of L.Vannamei shrimp, increase in infrastructure facilities for production of Value added items and the regaining pace of Japanese market after tsunami etc. are the helping factors to achieve this target.

**INDUSTRIAL STRUCTURE & DEVELOPMENT:**

As you know your Company mainly caters to Fishing Industry situated along the coastline of India. The Company manufactures Fishing Nets in various sizes and is one of the few Net Makers in the organized sector. Its products are sold under the "GARWARE" brand and are a preferred choice of most fishermen.

With a total fishermen population of approximate 14.5 million and rich marine and inland water resources, fisheries and aquaculture forms an important sector with regard to employment, livelihood and food security. Fish products also form a significant commodity for overseas trade. During the past decades the Indian fisheries and aquaculture has witnessed improvements in craft, tackle and farming methods. Creation of required harvest and post-harvest infrastructure has been receiving due attention of the central and state governments. All this has been inducing a steady growth.

**OPPORTUNITIES:**

Development of marine fisheries sector is taken up with a focus on sustainability through empowering the traditional sector, enhancement of sea safety, rational exploitation of untapped deep-sea resources etc. for achieving employment generation, social security of fishermen, increased food security and augmenting sea food exports. Development of adequate infrastructure for harvest and post-harvest operations with due consideration of the principle of minimizing post-harvest losses and ensuring enhanced food safety has been embarked upon.

Also, increasing share of Indian Manufacturers in the Global market place and awareness of the benefits of using technical expertise in manufacturing and marketing process presents a big opportunity for the Company.

ASSOCHAM said in its Report that the marine industry's size is likely to reach ₹ 67,800 crore by 2015. At present, it is about Rs. 53,000 crore. It further states that over 8,000 km of coastline, four million hectares of reservoirs, two million hectors of brackish water offer a plethora of opportunities for the growth of marine and fish industry of India.

Further, with the installation of the new machines, the Company has been able to cater to a wider market, thereby improving price realization in sales. The Company is also considering further addition of machines.

In addition, the Company's repair division continues to do well.

**THREATS:**

The main threat that the Company faces is from the unorganized sector and the increasing presence of Chinese Fishing Nets at very competitive prices, but which are relatively inferior.