



**GARWARE MARINE INDUSTRIES LIMITED**

**34<sup>TH</sup> ANNUAL REPORT 2011-12**



## 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. United Bank of India Indian Overseas Bank	
<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	

**34<sup>TH</sup> ANNUAL REPORT  
2011-12**



## NOTICE

NOTICE is hereby given that the 34<sup>th</sup> Annual General Meeting of the Members of Garware Marine Industries Limited will be held on Friday, 28<sup>th</sup> December 2012 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 2012 and Profit and Loss Account for the year ended on that date together with the 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 a Director in place of Mr. R. S. Khanna, who retires by rotation and being eligible, offers himself for re-appointment;
4. To re-appoint Messrs. 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** : 19<sup>th</sup> November 2012

**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 Friday, 21<sup>st</sup> December 2012 to Friday, 28<sup>th</sup> December 2012 (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.

**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>	Dr. Bhupendra Maneklal Saraiya	Mr. Rajiv Shivkumar Khanna
<b>Date of Birth</b>	08.06.1944	04.01.1972
<b>Nationality</b>	Indian	Indian
<b>Date of Appointment on Board</b>	18.10.2001	07.09.2009
<b>Qualifications</b>	M.B.B.S	B.Com (Economics)
<b>Expertise in Functional Area</b>	Senior General Practitioner. He is also the Architect of Claim Processing in start-up of Third Party Insurance	Industrialist, Manufacturer of technical textiles supplied to mass transport organizations. He has vast experience of 16 years. Mr. Khanna is also actively involved in the field of Financial Investments
<b>No. of Shares held in the Company (As on 30.09.2012)</b>	100 Equity Shares	NIL
<b>List of Directorships held in other Companies</b>	NIL	NIL
<b>Chairman/Member of Committee of the Board of other Companies in which he is a Director</b>	NIL	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** : 19<sup>th</sup> November 2012**Place** : Mumbai



## DIRECTORS' REPORT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2012

TO  
THE MEMBERS

### 1. FINANCIAL RESULTS :

	(Rs. in Lacs)	
	Year ended 30 <sup>th</sup> June 12	Year ended 30 <sup>th</sup> June 11
Income from Operations (including Other Income)	1144.57	1137.26
<b>Less:</b> Expenses	1062.21	1026.37
Profit before Interest, Depreciation & Tax	82.36	110.89
<b>Less:</b> Interest & Finance Charges	21.88	22.95
Profit before Depreciation & Tax	60.48	87.94
<b>Less:</b> Depreciation & Amortization	37.47	41.99
Provision for Tax	0.00	3.85
<b>Net Profit for the year</b>	<b>23.01</b>	<b>42.10</b>

### 2. DIVIDEND:

The Board of Directors has not recommended any dividend for the year 2011-12 in view of the extremely bad fishing season which has led to a drastic drop in the demand for the Company's product.

### 3. OPERATIONS:

During the year under review, the Company sold 265,401 MT of Fishing nets as against 285,220 MT in the previous year. Income from operations for the year under review was Rs. 1144.57 Lacs as against Rs. 1137.26 Lacs which was mainly due to an increase in the Selling Price of the Company's Product. However, the increase in Selling Price was not enough to offset the increase in the cost of raw material. In view of the substantial increase in raw material price (16%) and poor demand in certain areas, production decreased by approximately 18%. The Company also witnessed poor demand in certain markets during the year on account of unexpected & unusual weather changes, such as extended winter & delayed monsoon.

### 4. FUTURE OUTLOOK:

Though the Company has seen a slight improvement in demand, the market for the fishing nets is remains to be lackluster due to the extended monsoon and the fact that world fish population, according to reports, has reduced by 3% which has led to a reduction in fish catch. The Company does not anticipate a major increase in the demand for nets, unless there is a substantial improvement in the catch of fish.

### 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 2012;

- c) That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provision 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 EXCHANGE:**

The Company has paid the Listing Fees for the year 2012-13 to the BSE 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:**

Dr. B. M. Saraiya and Mr. R. S. Khanna, 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 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 AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

The Management Discussion and Analysis Report and Corporate Governance 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 GARWARE**  
Chairman

**Date** : 19<sup>th</sup> November 2012

**Place** : Mumbai



## ANNEXURE 1 TO DIRECTORS' REPORT

### FORM – A

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

		<b>Current Year 01.07.2011 to 30.06.2012</b>	Previous Year 01.07.2010 to 30.06.2011
<b>A. POWER AND FUEL CONSUMPTION:</b>			
FISH KNITTED FABRICS/TWINE			
Electricity			
(a) Purchased Units(in Kwh)		4,00,402	4,20,801
Total Amount(Rs.)		27,66,191	25,73,106
Rate Per Unit(Rs.) (Avg.)		6.91	6.11
(b) Own Generation			
I) H.S.D.			
Purchased Units (in ltrs)		21,073	19,252
Total Amount (Rs.)		9,31,670	7,91,432
Cost per litre(Rs.)(Avg.)		44.21	41.11
	Standard, (if any)	<b>01.07.2011 to 30.06.2012</b>	01.07.2010 to 30.06.2011
<b>B. COST / CONSUMPTION PER UNIT (KG.) OF PRODUCTION:</b>			
FISH KNITTED FABRICS			
Electricity (Rs.)	N.A.	11.38	8.99
H.S.D.(Rs.)	N.A.	3.83	2.76

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

1. 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;
2. Additional investment and proposals, if any, being implemented for reduction of consumption of energy : NIL;
3. 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.

**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 GARWARE**  
Chairman

**Date** : 19<sup>th</sup> November 2012

**Place** : Mumbai





## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### ECONOMIC SCENARIO IN FY 2011-12:

The pace at which the Country has grown has declined over the past few years. Economic growth rate stood at around 6.5% for the 2011–12 fiscal year. The slowdown is marked by a sharp drop in investment growth resulting from political uncertainties, a tightening of macroeconomic policies aimed at addressing a high fiscal deficit and high inflation (going well beyond food and fuel prices), and from renewed concerns about the European and US economies. Although the Government was quite successful in cushioning the impact of the global financial crisis on India, it is now clear that a number of MDG (Millennium Development Goals) targets will only be met under the Twelfth Five Year Plan (2012–17).

India is the second largest fish producer in the world after China and accounts for nearly six per cent of global fish production. Growing at a compound annual growth rate (CAGR) of about 7 per cent, India's marine and fish industry is likely to reach Rs. 678 bio by 2015 from the current level of nearly Rs. 530 bio, apex industry body ASSOCHAM reports.

Year 2011-12 has been good for the Indian seafood export industry aided by a falling rupee and surging unit value realisations. While total value realisations increased almost 25 per cent, the volume of exports was up at 2-3 per cent.

### 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.

The fisheries sector contributes significantly to the national economy while providing livelihood to approximately 14.49 million people in the country. It has been recognized as a powerful income and employment generator as it stimulates growth of a number of subsidiary industries and is a source of cheap and nutritious food besides being a source of foreign exchange earner. Most importantly, it is the source of livelihood for a large section of economically backward population of the country.

However, in the past year, even though there has been a substantial jump in the export of sea-food in terms of value, the quantity has not increased much. This can be attributed to an overall reduction in fish catch along the Indian coastline. This has adversely affected the demand for the Company's product, thereby leading to the fall in production & sales.

### OPPORTUNITIES:

The European Union continued to be the largest market with a share of 23.82 per cent followed by the US, South-East Asia, Japan, China and West Asia. What was noteworthy was the fact that the US has regained the second slot among export destinations. South-East Asia usurping the third place was also significant, mainly at the cost of Japan.

A global shortage of vannamei shrimp may prove advantageous for India as it awaits the second harvest from the farms. Seafood exporters are expecting higher prices for vannamei in the coming weeks from China and the Southeast Asia

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. Various on-going schemes in the said direction are:

- (i) Development of Inland Fisheries and Aquaculture
- (ii) Development of Marine Fisheries, Infrastructure and Post Harvest Operations
- (iii) National Scheme of Welfare of Fishermen
- (iv) Strengthening of Database and Geographical Information System of the Fisheries Sector
- (v) Assistance to Fisheries Institutes
- (vi) National Fisheries Development Board
- (vii) Issuance of Biometric Identity cards to Coastal Fishermen.

About 8.71 lakh hectare water area brought under scientific fresh water and brackish water fish farming, 14.17 lakh fish farmers/fishermen benefited in improved practices and benefited till 2011-12 under 'Development of Freshwater Aquaculture'.

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.

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.

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

**THREATS:**

Fisheries are a State subject and as such the primary responsibility for its development rests with the State Governments. The major thrust in fisheries development has been on optimizing production and productivity, augmenting export of marine products, generating employment and improving welfare of fishermen and their socioeconomic status.

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. In addition "overfishing"-which is a common phenomenon threatens the quantum of fish catch in the future, which in turn would adversely affect the demand for the Company's nets.

Indian marine fisheries faces frequent fluctuations as cyclic and climatological effects influence the pelagic stocks. All the coastal federal states have enacted their Marine Fishing Regulation Act with jurisdiction over their territorial waters. Management measures such as closed seasons, delimitation of fishing zones for different categories of fishing craft etc. are implemented for ensuring sustainability. Unfortunately the last twelve months have been one of the worst fishing scenarios of the past several years.

**OUTLOOK:**

Conservation of aquatic resources and genetic bio-diversity is another thrust area for the next millennium. As long as "Overfishing" is controlled, there will be a continuous sustained catch of fish and a sustained demand for nets.

With an increase in fish product trade in Middle East and South Asian countries and expected increase in exports in the current Fiscal Year, demand for Company's product is likely to increase, thereby adding to the turnover of the Company subject to the weather being stable/ absence of overfishing. Unfortunately, the extended monsoon, almost every year, seems to have an adverse impact on demand for fishing nets.

**INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY:**

Your Company has an Internal Control System commensurate with the business of the Company to mitigate various types of risks effectively.

**FINANCIAL & OPERATIONAL PERFORMANCE:**

- i) Operating Profit to Turnover ratio : 7.42 %
- ii) Cash Profit to Turnover ratio : 5.45 %
- iii) Current Assets to Current Liabilities ratio : 2.12 : 1

In spite of adverse market conditions our realization has improved though sales gone down to 265 tons as compared to 286 tons during the year 2010-11.

**MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT:**

Cordial relations are maintained at all the levels, including the Union. Strong alignment of all people at all levels with organizational mission & values and constant communication of challenges, opportunities & processes for daily management, has helped build a strong team which is geared to perform continuously.

However, your Company continues to try to improve productivity per work force member and aims at 'streamlining' operations at the plant.

**FORWARD-LOOKING STATEMENTS:**

Statements in this Management Discussion and Analysis report describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable laws and regulations. Forward looking statements are based on certain assumptions and expectations of future events. The Company's actual results could differ materially from those expressed or implied. 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. Further, important factors that could make a difference to the Company's operations which among others include demand & supply of raw materials, changes in prices of raw materials; tax regimes; and acts of God.

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