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**GARWARE
SHIPPING
CORPORATION
LIMITED**

TWENTY-THIRD ANNUAL REPORT 2000

GARWARE SHIPPING CORPORATION LIMITED

FOUNDER : THE LATE PADMA BHUSHAN - DR. B. D. GARWARE - FOUNDER OF THE GARWARE GROUP

BOARD OF DIRECTORS

ASHOK GARWARE - M. A. (Cantab)
(Chairman)

ADITYA GARWARE - M. B. A. (USA) – **Wholetime Director**
(Vice Chairman)

MANEESHA SHAN (nee GARWARE) - B.Com. L.L.B.

SHEFALI BAJAJ (nee GARWARE) - MBA, (Switzerland)

M. H. MODY - B.Com, F.C.A.

SHAMSUNDER AGGARWAL - B.Sc. (New York University)

S. M. LAUD - B.Com, F.C.S. Dip. in – **Wholetime Director**
Systems Analysis & Prog.

DIRECTOR & COMPANY SECRETARY **S. M. LAUD**

CHIEF GENERAL MANAGER - TECHNICAL **I. B. LEMOS - I.Eng. A.M.I. Mar.E. (London)**

AUDITORS **M/S. THAKUR & GUPTA ASSOCIATES**
(Chartered Accountants)

REGISTERED OFFICE Chander Mukhi
Nariman Point
Mumbai - 400 021.

SHARE DEPARTMENT Unit No. 7, Ground Floor
World Trade Centre
Cuffe Parade, Colaba
Mumbai - 400 005.

TWENTY-THIRD ANNUAL REPORT
2000

**NOTICE**

NOTICE is hereby given that the Twenty-third Annual General Meeting of the Members of the Company will be held at "Garware Sabhagriha", F.P.H. Building, Lala Lajpatrai Marg, Haji Ali, Mumbai- 400 034 on Saturday, 30th June, 2001 at 9.30 a.m. to transact the following business :

ORDINARY BUSINESS :

1. To consider the audited Balance Sheet as at 31st December, 2000 and the Profit & Loss Account for the year ended on that date together with Directors' and Auditors' Reports thereon.
2. To appoint a Director in place of Mrs. Maneesha Shah (nee Garware) who retires by rotation and, being eligible offers herself for re-appointment.
3. To appoint a Director in place of Shri Shamsunder Aggarwal who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

5. To consider and pass the following Resolution as an Ordinary Resolution :
"RESOLVED THAT subject to the provisions of Sections 198, 309 and other applicable provisions if any, of the Companies Act, 1956, consent be and is hereby accorded to the Company for the payment/ reimbursement of expenditure incurred by Shri Ashok Garware, Chairman of the Company in respect of his heart surgery including all expenses relating to his hospitalisation, doctors' fees, medication etc. not exceeding Rs. 8.00 Lacs."
6. To consider and pass the following Resolution as an Ordinary Resolution :
"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, and subject to such other approvals as may be required, consent be and is hereby accorded to the re-appointment of Shri. S.M. Laud as Whole-time Director of the Company for a period of 5 years with effect from 27th November, 2000 on the terms and conditions as set out in the draft Agreement to be entered into by the Company with Shri Laud and submitted to this meeting and initialled by the Chairman for purpose of identification."
7. To consider and pass the following Resolution as a Special Resolution :
"RESOLVED THAT pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956, and subject to such permissions and sanctions as may be required the Non-Wholetime Directors be paid sitting fees upto Rs. 5,000/- for attending each board meeting or committee meeting or a sum not exceeding one percent per annum of the net profits of the Company calculated in accordance with the provisions of Sections 198, 349 and 350 of the Companies Act, 1956, be paid to and distributed amongst the Directors of the Company or some or any of them (other than the Wholetime Directors and Nominee Director, in any) in such amounts or proportions and in such manner and in all respects as may be directed by the Board of Directors and such payments shall be made in respect of the profits of the Company for each such year where sitting fees are not paid".

By Order of the Board

S.M. Laud
Director & Company Secretary

Dated : 28th May, 2001.

Notes :

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ONLY ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- (b) The form of proxy should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- (c) The Register of Members and Share Transfer Books of the Company shall remain closed from 27th June, 2001 to 30th June, 2001 (both days inclusive)
- (d) Members holding more than one share certificate in the same name under different ledger folios are requested to apply for consolidation of such folios and send the relevant Share Certificates to the Company.
- (e) Members are requested to bring their copies of the Annual Report to the Meeting.
- (f) Members are requested to notify immediately any change in their address to the Company.

**ANNEXURE TO THE NOTICE
EXPLANATORY STATEMENT AS REQUIRED UNDER
SECTION 173 OF THE COMPANIES ACT, 1956**

Item No. 5

Shri Ashok Garware, Chairman of the Company is not receiving any remuneration from the Company w.e.f. 1.2.1999. The Company continues to avail his advice and expertise. Shri Ashok Garware, had to undergo a major heart surgery in November, 2000 which was necessitated mainly as a result of the stress he underwent while encountering hardships faced by the Company.

The Board recommends the payment/reimbursement of medical expenses incurred by Shri Ashok Garware, in respect of his heart surgery, including hospitalisation, doctors' fees and medication, as stated in the Resolution.

None of the Directors of the Company except Shri Ashok Garware and Shri Aditya Garware, Mrs. Maneesha Shah and Mrs. Shafali Bajaj, who are all related to Shri Ashok Garware, are interested in the passing of this resolution.

Item No. 6

At the Annual General Meeting of the Company held on 27th March, 1996 an Ordinary Resolution was passed for the appointment of Shri S. M. Laud as Director of the Company for a period of 5 years.

At the Board Meeting held on 24th October, 2000, the Board of Directors subject to the approval of the members and such other approvals as may be required, has re-appointed Shri S. M. Laud as the Whole time Director of the Company for a period of 5 years from 27th November, 2000 on the terms and conditions and on the remuneration as per draft agreement submitted to this meeting and initialled by the Chairman for the purpose of identification.

The principal terms and conditions of the agreement made between the Company and Shri S. M. Laud are as under :

1. The Agreement is for a period of 5 years w.e.f. 27th November, 2000.
2. Mr. S. M. Laud shall be entitled for the following remuneration and benefits/perquisites from the Company :-
 - a) Consolidated Salary :
Rs. 50,000/- per month or such higher amount as may be approved by the Board of Directors or any committee thereof from time to time but not exceeding Rs. 2,00,000/- per month as per Section II of Part II of Schedule XIII to the Companies Act, 1956.



- b) Leave Travel Allowance :
Once in every year but not exceeding one month's consolidated salary as payable to Mr. S. M. Laud.
- c) Reimbursement of Medical Expenses :
In each year not exceeding one month's consolidated salary as payable to Mr. S. M. Laud.
3. The following perquisites shall not be included in the computation of the ceiling of remuneration specified in para 2 above.
- a) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.
- c) Encashment of leave at the end of the tenure.
- Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls and use of car for private purpose shall be billed by the Company to Shri S. M. Laud.
4. Other Terms :
- i) The appointment may be terminated by the Company with the Director by giving not less than 120 days notice in writing.
- ii) The Agreement to be entered into by the Company with the Director also sets out the mutual rights and obligations of the Company and the Director.
- Shri Laud has served the Company since 1991 in different capacities and prior to his appointment as Director in 1995, he was designated as Company Secretary and Senior General Manager. The Ordinary Resolution as set out in Item No. 6 of the accompanying Notice is being placed before Members for approval.

Except Shri S. M. Laud, no other Director of the Company may be considered to be concerned or interested in the passing of this Resolution.

This explanatory statement is and should be treated as an Abstract under Section 302 of the Companies Act, 1956 of the Agreement to be entered into between the Company and Shri S. M. Laud.

Item No. 7

This is an enabling Resolution. As per the provisions of Section 309 (4) (B) of the Companies Act, 1956, the Company can pay commission not exceeding in the aggregate 1% of the net profits of the Company to Non Whole time Directors subject to the approval of Members of the Company by way of a Special Resolution. It is proposed to pay commission to Directors (other than the Whole time Directors and Nominee Director, if any) in such amount or proportions and in such manner as may be decided by the Board subject to a ceiling of 1% of the net profits calculated in accordance with the provisions of Section 198, 349 and 350 of the Companies Act, 1956 or sitting fees upto Rs. 5,000/- for attending each Board Meeting or committee meeting.

All the Directors of the Company except Shri Aditya Garware, Vice Chairman and Shri S. M. Laud, Director & Company Secretary may be deemed to be concerned or interested in the passing of this resolution to the extent of the sitting fees or commission on net profits that may be received by them.

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By Order of the Board

S.M. Laud

Director & Company Secretary

Dated : 28th May, 2001.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST DECEMBER 2000.

TO

THE MEMBERS :

1. FINANCIAL RESULTS

	Rs. in lacs	
	Year ended 31-12-2000	Year ended 31-12-1999
Income from operations	1,519.95	931.74
Other Income	8.04	103.36
Gross Income	1,527.99	1,035.15
Expenses for the year	768.88	653.06
Operating profit for the year	759.11	382.09
Interest	94.07	98.74
Profit before depreciation	665.04	283.35
Depreciation	250.13	160.45
	414.91	122.90
Proportionate write-off of expenses of earlier years	124.23	196.49
Profit / (Loss) before tax	290.68	(73.59)
Provision for taxation	20.00	--
Net Profit / (Loss) after tax	270.68	(73.59)

2. OPERATIONS

The performance of the Company for the year ended 31st December, 2000 was better as compared to the previous year. The gross charter hire earnings for the year under review increased by Rs. 588 lacs. This is as a result of most of the Company's vessels being on hire during the year after completion of their survey repairs and inspite of some of the vessels being on downtime for major survey repairs/drydocking.

The Operating Profit for the year has nearly doubled as compared to the previous year. The Gross Profit has also increased by more than 100%

Although the Company has received part payment of arrears from ONGC, it is yet to receive the balance amount of arrears. The subject has been taken up with the highest authority. The Company is also considering alternative routes to receive the balance amount from ONGC as per expert advice.

3. RESPONSIBILITY STATEMENT

The Directors confirm :

- 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;
- that they have selected such accounting policies and applied them consistently and made judgements 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 or loss of the Company for that period;
- that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that they have prepared the annual accounts on a going concern basis.

4. FUTURE OUTLOOK

Your Company has been awarded against stiff competition a tender for two of its offshore Supply Vessels on



a long term contract (in addition to three vessels which were awarded long term contracts earlier.) Thus, the entire fleet is deployed with ONGC on a daily charter rate on a long term basis.

The Company continues to look out for various expansion / diversification options as a part of its strategy.

5. **INSURANCE**

All the vessels owned by the Company have been insured for both marine and war risks.

6. **FIXED DEPOSITS**

During the period under review, the Company has not accepted Deposits from the public and shareholders. There were 42 deposits from the public and shareholders totalling Rs. 2,13,000/- which became due for payment, but remained unclaimed as on 31st December, 2000.

7. **DIRECTORATE**

Mrs. Maneesha Shah (nee Garware) and Shri Shamsunder Aggarwal, Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment. The Members are requested to re-appoint them.

During the year Shri Pradeep R. Mafatlal resigned as a Director due to his other pressing engagements. The Board wishes to place on record its appreciation of the services rendered by Shri Mafatlal during his tenure as Director of the Company.

8. **AUDITORS**

You are requested to appoint Auditors for the current year and to fix their remuneration.

9. **PERSONNEL**

The relations with all the employees of the Company, both shore staff and floating staff have been cordial. Your Directors wish to express their appreciation of the services of the devoted employees who have contributed to the operations of the Company.

10. **DEMATERIALISATION OF SHARES**

During the year, your Company's shares have started trading compulsorily in electronic form and your Company has appointed M/s Sharepro Services as Registrars who have connectivity with both the depositories viz. National Securities Depository Ltd. (NSDL) and Central Depository Services Ltd. (CDSL). In view of the benefits of the Depository System, members may avail the demat facility of the Company's shares on either of the said Depositories.

11. **PARTICULARS OF EMPLOYEES**

Particulars of Employees as required under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, are given in the statement annexed hereto which forms part of this report.

12. **CONSERVATION OF ENERGY ETC.**

The details required under Section 217 (1) (e) is annexed hereto which forms part of this report.

13. **ACKNOWLEDGMENT**

The Board places on record its appreciation of the role of the two Whole-time Directors viz., Shri Aditya Garware and Shri S. M. Laud for their untiring efforts in achieving these results. Your Directors also wish to thank the officials of Directorate General of Shipping, Mercantile Marine Department and State Bank of Hyderabad for their support during the year.

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On behalf of the Board

ASHOK GARWARE

Chairman

Place : Mumbai

Dated : 29th May, 2001.

ANNEXURE TO DIRECTORS' REPORT

STATEMENT REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS REQUIRED UNDER CLAUSE (e) OF SUB-SECTION (1) OF SECTION 217 OF THE COMPANIES ACT, 1956.

Item Particulars
No.

A. CONSERVATION OF ENERGY

- | | | |
|---|---|--|
| (a) Measures taken | : | Being a Shipping Company, taking of energy Conservation measures does not arise. |
| (b) Additional Investments and proposals, if any, being implemented for reduction of energy consumption | : | Nil |
| (c) Impact of the measures (a) and (b) above and consequent impact on cost of production | : | Not Applicable |
| (d) Total energy consumption and consumption per unit of production in Form 'A' | : | Not Applicable |

B. TECHNOLOGY ABSORPTION

- | | | |
|---|---|--------------------------|
| (e) Efforts made in Technology absorption | : | As per Form 'B' enclosed |
|---|---|--------------------------|

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- | | | |
|--|---|----------------|
| (f) Activities relating to exports, initiative taken to increase exports, development of New Export market for product and services and | : | Not Applicable |
| (g) (a) Foreign exchange earned and saved (on account of freight, charter hire, earnings etc.) including deemed earnings. | : | Rs. 98.68 lacs |
| (b) Foreign exchange used including Operating Expenses, standby expenses, Capital repayment, down payments for acquisition of ships and interest payment | : | Rs. 27.03 lacs |



FORM 'B'
(See Rule - 2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION,
RESEARCH AND DEVELOPMENT (R & D)

1. Specific areas in which R & D carried out by the company : None
2. Benefits derived as a result of the above R & D : Not Applicable
3. Future plan of action : None
4. Expenditure on R & D
 - (a) Capital : Nil
 - (b) Recurring : Nil
 - (c) Total : Nil
 - (d) Total R & D Expenditure as a percentage of total turnover : Nil

Technology absorption, adaptation and innovation

1. Efforts in brief, made towards technology absorption adaptation and innovation : None
2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc. : Not Applicable
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished : Not Applicable
 - (a) Technology imported
 - (b) Year of Import
 - (c) Has technology been fully absorbed?
 - (d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans and actions.

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