



**GARWARE
SHIPPING
CORPORATION
LIMITED**

TWENTY-FOURTH ANNUAL REPORT 2001

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 SHAH (nee GARWARE) - B.Com. L.L.B.
SHEFALI BAJAJ (nee GARWARE) - M. B. A. (Switzerland)
M. H. MODY - B.Com, F.C.A.
SHAMSUNDER AGGARWAL - B.Sc. (New York University)
S. N. GUPTA - B.Com. F.C.A.

COMPANY SECRETARY **C. V. RAMACHANDRAN** - B.Com., L.L.B., F.C.S., D.T.M., D.I.P.A.

PRESIDENT - TECHNICAL **I. R. LEMOS** - I.Eng. A.M.I. Mar.E. (London)

AUDITORS **M/S. RAMAN S. SHAH & 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- FOURTH ANNUAL REPORT
2001



NOTICE

NOTICE is hereby given that the Twenty-fourth 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, 29th June, 2002 at 9.30 a.m. to transact the following business:

ORDINARY BUSINESS :

1. To consider the audited Balance Sheet as at 31st December, 2001 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. Shefali Bajaj (nee Garware) who retires by rotation and, being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Shri M.H. Mody 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, if deemed fit, to pass with or without modification the following Resolution as an Ordinary Resolution:

"RESOLVED THAT Shri S.N. Gupta be and is hereby appointed as a Director of the Company, and shall be liable to retire by rotation pursuant to a notice received under Section 257 of the Companies Act, 1956, from a member proposing his name as a Director of the Company".

By Order of the Board

C. V. RAMACHANDRAN
Company Secretary

Registered Office
Chander Mukhi,
Nariman Point,
Mumbai 400 021

Dated : 29th May, 2002.

GARWARE SHIPPING CORPORATION LIMITED

Twenty-Fourth Annual Report 2001

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 24th June, 2002 to 29th June, 2002 (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 put 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/Proxy.
4. Members are requested to notify the change in address, if any, immediately, quoting their Folio Number, Number of Shares held, etc.

REQUEST TO THE MEMBERS

5. Members desiring any information on the Accounts at the Annual General Meeting are requested to write to the Company atleast 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.
6. Members are requested to bring their copy of Annual Report at the Meeting.

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

Item No. 5

The Board of Directors has appointed Shri S.N. Gupta as an Additional Director of the Company on 18/10/2001, pursuant to Article 116 of the Articles of Association of the Company. Under Section 260 of the Companies Act, 1956, Shri S.N. Gupta will hold office as a Director only upto the date of the 24th Annual General Meeting.

The Company has received a notice in writing from a Member under section 257 of the Companies Act, 1956 signifying his intention to propose the candidature of Shri S.N. Gupta for the office of a Director.

Shri S.N. Gupta is a Chartered Accountant and the Board is of the opinion that his appointment as a Director will be beneficial to the Company.

Except Shri S.N. Gupta, none of the Directors may be considered to be concerned or interested in the passing of this resolution.

By Order of the Board

Registered Office
Chander Mukhi,
Nariman Point,
Mumbai 400 021

C. V. RAMACHANDRAN
Company Secretary

Dated : 29th May, 2002.



DIRECTORS' REPORT
FOR THE YEAR ENDED 31ST DECEMBER, 2001
TO
THE MEMBERS :

	RS. IN LACS	
	YEAR ENDED 31.12.2001	YEAR ENDED 31.12.2000
1. FINANCIAL RESULTS :		
Income from operations	1,623.28	1519.95
Other income	2.80	8.04
Gross income	1,626.08	1527.99
Expenses for the year	1,021.57	768.88
Operating profit for the year	604.51	759.11
Interest	66.26	94.07
Profit before depreciation	538.25	665.04
Depreciation	339.86	250.13
Profit for the period	198.39	414.91
Expenses of earlier years	90.36	124.23
Profit/(Loss) before Tax	108.03	290.68
Provision for taxation	11.00	20.00
	97.03	270.68
Add : excess provision of tax for earlier year	3.66	—
Net profit/(Loss) after Tax	100.69	270.68

2. OPERATIONS :

The earnings of the Company for the year ended 31st December, 2001 were higher as compared to the previous year. The Gross Charter hire earnings for the year under review increased by Rs. 103 Lacs. This is due to the fact that Company's Vessels were on hire for longer periods during the entire year.

As the Company's efforts to receive the Balance Amount of Arrears from ONGC have not materialized, the Company has taken the matter to Bombay High Court who has appointed a Sole Arbitrator to look into the claims of the Company. The Company has submitted its claims to the Sole Arbitrator. The matter is subjudice. The Company is taking the Arbitration route on other similar disputes.

3. 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 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.
- c) that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision 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.

GARWARE SHIPPING CORPORATION LIMITED

Twenty-Fourth Annual Report 2001

- 4. FUTURE OUTLOOK :**
The Companies Vessels are expected to ply for the ONGC throughout the year.
- 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 36 unclaimed deposits from the Public and Shareholders totalling Rs. 1,82,000.
- 7. DIRECTORATE :**
Mrs. Shefali Bajaj (nee Garware) and Shri M.H. Mody Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment. The Members are requested to re-appoint them.
The Board appointed Mr. S.N. Gupta as an Additional Director, with effect from 18/10/2001. Mr. Gupta will retire at the forthcoming Annual General Meeting and the Board recommends his appointment.
During the year, Mr. S.M. Laud resigned as a Director.
- 8. AUDITORS :**
You are requested to appoint Auditors for the current year and to fix their remuneration.
With regard to the Auditor's Report, the notes to the Accounts are Self-explanatory.
With regard to point no.12 of the Annexure to Auditor's Report the Company has appointed M/s. Yashaswi K. Pandya & Company as Internal Auditors.
- 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. PARTICULARS OF EMPLOYEES :**
The Company did not have any Employee falling within the purview of Section 217 (2A) of the Companies Act, 1956. The Company has signed a wage settlement with Seamen Sena Union of India for a period of three years.
- 11. DEMATERIALISATION OF SHARES :**
The Company's shares continued to be traded in Electronic Form.
- 12. CORPORATE GOVERNANCE :**
The Securities and Exchange Board of India (SEBI) directives on Corporate Governance practices has become mandatory for the Company. Accordingly, the Company has taken measures in this regard and the disclosures are given in a separate report on Corporate Governance Report along with the Auditors statement of its compliance.
- 13. CONSERVATION OF ENERGY ETC:**
The details required under Section 217 (e) is annexed hereto which forms part of this report.
- 14. ACKNOWLEDGEMENT :**
The Board places on record its appreciation of the role of the Whole time Director Shri. Aditya Garware, Company Executives/Officers for their untiring efforts. Your Directors also wish to thank the Officials of Directorate General of Shipping, Mercantile Marine Department and State Bank of Hyderabad for their continued support during the year.

On Behalf of the Board

S.N. GUPTA
DirectorFOR (ASHOK GARWARE)
Chairman

Place : Pune

Dated : 29th May, 2002



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 services and export plans | : | Not Applicable |
| (g) (a) Foreign exchange earned and saved (on account of freight, charter hire, earnings etc.) including deemed earnings | : | Nil |
| (b) Foreign exchange used including Operating Expenses, Standby Expenses, Capital repayment, down payments for acquisition of ships and interest payment. | : | 17.61 |

GARWARE SHIPPING CORPORATION LIMITED

Twenty-Fourth Annual Report 2001

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, adaption 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 | | |



REPORT ON CORPORATE GOVERNANCE

Consequent to the introduction of the code on Corporate Governance by the Securities and Exchange Board of India, your Company had complied with the code as per Schedule of implementation in terms of Clause 49 of the Listing Agreement. A report on Corporate Governance is given below :

1. BOARD OF DIRECTORS :

The Board has a strength of seven members. Shri Aditya Garware is the working Director, all other Directors are Non-Executive Directors, Professionally Well-Qualified.

- Attendance of each Board Meetings and the AGM.

Six Board Meetings were held during the Financial year 2001.

Name of Directors	No. of Board Meetings Attended	Attendance at last. AGM	Remarks
Mr. Ashok Garware (Chairman)	6	Yes	—
Mr. Aditya Garware (Vice-Chairman)	6	Yes	—
Mrs. Maneesha Shah (nee Garware)	4	Yes	—
Mrs. Shefall Bajaj (nee Garware)	3	Yes	—
Mr. M.H. Mody	4	Yes	—
Mr. Shamsunder Aggarwal	5	Yes	—
Mr. S.M. Laud	5	Yes	Resigned w.e.f. 14th August, 2001.
Mr. S.N. Gupta	N.A.	N.A.	Appointed w.e.f. 18th October, 2001

Six Board Meetings were held during the Financial Year on the following Dates :

10 TH January, 2001	17 TH July, 2001
22 ND January, 2001	14 TH August, 2001
28 TH April, 2001	18 TH October, 2001

2. AUDIT COMMITTEE :

An Audit committee consisting of Mr. Ashok B. Garware, Chairman, was appointed by the Board on 14th August, 2001. Mr. Shamsunder Aggarwal and Mrs. Maneesha Shah (non-executive) are other Members of the Audit Committee. Mr. Ashok Garware resigned from the Audit Committee on 17th October, 2001 and Shri S.N. Gupta was appointed as a Member of the Audit Committee on 18th October, 2001

The Company Secretary shall act as Secretary of the Committee.

3. SHARE TRANSFER COMMITTEE :

The Share Transfer Committee consisting of Mr. Ashok Garware, Chairman, Mr. Aditya Garware