



GARWARE MARINE INDUSTRIES LIMITED

**TWENTY NINTH ANNUAL REPORT
2006-07**



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., LL.B., D.A.M.
	DR. B. M. SARAIYA	M.B.B.S.
	C. V. RAMACHANDRAN	B.Com., LL.B., F.C.S., D.T.M. DIP.A.
	S. V. ATRE (Additional & Executive Director w.e.f. 31-10-2007)	B.Sc. ENGG., D.M.M.
COMPANY SECRETARY	A. C. CHANDARANA	B.Com., LL.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.	

NOTICE

NOTICE is hereby given that the Twenty Ninth Annual General Meeting of the Members of Garware Marine Industries Limited will be held on Monday, 31st December, 2007 at 9.30 a.m. at "Garware Sabhagriha", F.P.H. Building, 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, 2007 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 Shri Aditya Garware who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. C.V. Ramachandran who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and, if thought fit to pass with or without modification(s), the following Resolution as an 'Ordinary Resolution' :

"RESOLVED THAT Mr.Shamsunder Vasudev Atre who was appointed as an Additional Director of the Company and holds office till the date of the ensuing Annual General Meeting and in respect of whom the Company has received a notice from a Shareholder under Section 257 of the Companies Act, 1956 proposing his candidature for the Office of Director, be and is hereby appointed as Director of the Company".

7. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an 'Ordinary Resolution':

'RESOLVED THAT pursuant to the provisions of Sections 198,269,309 and other applicable provisions, if any, of the Companies Act, 1956, and subject to such other approvals, as may be required, consent be and is hereby accorded to the appointment and payment of remuneration to Mr. Shamsunder Vasudev Atre as Executive Director of the Company, for a period of 3 (three) years with effect from 31st October, 2007, on the terms and conditions as set out in the Draft Agreement to be entered into by the Company with Mr. Shamsunder Vasudev Atre and submitted to this meeting and initialed by the Chairman for the purpose of identification".

8. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a 'Special Resolution':

"RESOLVED THAT pursuant to Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (Act) (including any statutory modification or re-enactment thereof for the time being in force) and in accordance with the Articles of Association of the Company, the Listing Agreements entered by the Company with Stock Exchanges, the Guidelines for preferential issues contained in the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 (SEBI Guidelines), the applicable laws, rules, regulations, guidelines, clarifications and approvals including those issued by the Reserve Bank of India (RBI) wherever applicable, and any other statutory/regulatory authorities and subject to such approvals/consents/permissions/ sanctions as may be required in accordance with applicable laws, rules, regulations and guidelines and subject to such conditions as the authorities may impose at the time of granting their approvals / consents/permissions / sanctions and which may be agreed to by the Board of Directors of the Company (the "Board", which expression shall include any Committee thereof constituted by the Board), consent of the members of the Company be and is hereby accorded to the Board to issue and allot, in one or more tranches and upon such terms and conditions as may be deemed appropriate by the Board, by way of preferential allotment up to 3,50,000 Warrants entitling the holders of the Warrants to exercise an option to subscribe to 3,50,000 Equity Shares of Rs.10/- each of the Company equal to the number of Warrants that may be allotted to them for cash at a price of Rs.25/- Per Share (i.e at a premium of Rs.15/- per share), ranking pari passu with the existing



equity shares of the Company (the "Shares") to Promoters / Group of the Promoter Companies and their Nominees on such other terms and conditions, as the Board may deem appropriate in its absolute discretion."

"RESOLVED FURTHER THAT

- (a) The relevant date for the purpose of pricing of the issue of the Shares resulting from the warrants in accordance with SEBI Guidelines is 1st December, 2007 being the 30th day prior to 31st December, 2007 (i.e. the 30th day prior to the date on which the meeting of the general body of shareholders is to be held, in terms of Section 81 (1A) of the Companies Act, 1956, to consider the proposed issue).
- (b) The Board be and is hereby authorized to decide and approve the other terms and conditions of the issue of the Warrants and Shares arising on exercise of Warrants and also shall be entitled to vary, modify or alter any of the terms and conditions including the size of the issue, as it may deem expedient.
- (c) The currency of the warrants shall not exceed 18 months from the date of their issue.
- (d) The Warrants shall be locked in for a period of three years from the date of their allotment, provided that the lock – in on Equity Shares acquired by conversion of Warrants shall be reduced to the extent the Warrants have already been lock – in.
- (e) The Board be and is hereby authorized to delegate all or any of the powers herein conferred by this resolution to any director or directors or to any committee of Directors of the Company to give effect to the aforesaid resolution."

"RESOLVED FURTHER THAT for giving effect to this Resolution, the Board be and is hereby authorized to do all such acts, deeds and things as the Board may, in its absolute discretion, consider necessary, expedient, usual, proper or incidental and to settle any question, remove any difficulty or doubt that may arise from time to time in relation to the offer, issue and allotment of the Warrants and Shares arising on exercise of the option relating to the Warrants and the utilisation of the issue proceeds of the Warrants and the Shares arising on exercise of the option relating to the Warrants and to take such actions or give such directions as may be necessary or desirable and to obtain any approvals, permissions, sanctions which may be necessary or desirable, as they may deem fit."

9. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (Act) (including any statutory modification or re-enactment thereof for the time being in force) and in accordance with the Articles of Association of the Company, the Listing Agreements entered by the Company with Stock Exchanges, the Guidelines for preferential issues contained in the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 (SEBI Guidelines), the applicable laws, rules, regulations, guidelines, clarifications and approvals including those issued by the Reserve Bank of India (RBI) wherever applicable, and any other statutory/regulatory authorities and subject to such approvals/consents/permissions/ sanctions as may be required in accordance with applicable laws, rules, regulations and guidelines and subject to such conditions as the authorities may impose at the time of granting their approvals / consents/permissions / sanctions and which may be agreed to by the Board of Directors of the Company (the "Board", which expression shall include any Committee thereof constituted by the Board), consent of the members of the Company be and is hereby accorded to the Board to issue and allot, in one or more tranches and upon such terms and conditions as may be deemed appropriate by the Board, by way of preferential allotment up to 4,70,000 Warrants entitling the holder of the Warrants to exercise an option to subscribe to 4,70,000 Equity Shares of Rs.10/- each of the Company equal to the number of Warrants that may be allotted to them for cash at a price of Rs.25/- Per Share (i.e at a premium of Rs.15/- per share), ranking pari passu, with the existing equity shares of the Company (the "Shares") to Non Promoters and other Domestic investors and/ or its affiliates, on such other terms and conditions, as the Board may deem appropriate in its absolute discretion."

"RESOLVED FURTHER THAT

- (a) The relevant date for the purpose of pricing of the issue of the Shares resulting from the warrants in accordance with SEBI Guidelines is 1st December, 2007 being the 30th day prior to 31st December, 2007

GARWARE MARINE INDUSTRIES LIMITED

Twenty Ninth Annual Report 2006-07

(i.e. the 30th day prior to the date on which the meeting of the general body of shareholders is to be held, in terms of Section 81 (1A) of the Companies Act, 1956, to consider the proposed issue).

- (b) The Board be and is hereby authorized to decide and approve the other terms and conditions of the issue of the Warrants and Shares arising on exercise of Warrants and also shall be entitled to vary, modify or alter any of the terms and conditions including the size of the issue, as it may deem expedient.
- (c) The currency of the warrants shall not exceed 18 months from the date of their issue.
- (d) The Warrants shall be locked in for a period of one year from the date of their allotment, provided that the lock – in on Equity Shares acquired by conversion of Warrants shall be reduced to the extent the Warrants have already been lock – in.
- (e) The Board be and is hereby authorized to delegate all or any of the powers herein conferred by this resolution to any director or directors or to any committee of Directors of the Company to give effect to the aforesaid resolution.”

“RESOLVED FURTHER THAT for giving effect to this Resolution, the Board be and is hereby authorized to do all such acts, deeds and things as the Board may, in its absolute discretion, consider necessary, expedient, usual, proper or incidental and to settle any question, remove any difficulty or doubt that may arise from time to time in relation to the offer, issue and allotment of the Warrants and Shares arising on exercise of the option relating to the Warrants and the utilisation of the issue proceeds of the Warrants and the Shares arising on exercise of the option relating to the Warrants and to take such actions or give such directions as may be necessary or desirable and to obtain any approvals, permissions, sanctions which may be necessary or desirable, as they may deem fit.”

Registered Office :

Chander Mukhi
Nariman Point
Mumbai – 400 021

By Order of the Board

A.C. CHANDARANA
COMPANY SECRETARY

Date : 30th November, 2007.

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. An Explanatory Statement pursuant to Section 173 of The Companies Act, 1956 in respect of special business for Item Nos. 6 to 9 is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 27th December, 2007 to 31st December, 2007 (both day inclusive).
4. Brief Profile of Directors to be appointed/re-appointed.

MR. S.V. ATRE

Mr. Atre, aged 63 is an Electrical Engineer with additional qualification of Diploma in Marketing Management from Jamnalal Bajaj Institute (University of Mumbai).

He has work experience of 37 years in various functions of an organization. He was with C.P. Tools (merged with ATLAS Copco in 1996) for 31 years. He has been with Garware Marine Industries Ltd. since 2001.

Other Directorship held : NIL



MR. ADITYA A. GARWARE

Mr. Aditya Garware, aged 36 years, is an M.B.A. from Lehigh University (USA) and has wide experience in the management of various Companies. He has been associated with the Company since May, 1993.

Other Directorship held : Aybeegee Investment Co. Pvt. Ltd., Adsu Trading & Investment Co. Pvt. Ltd., Asuad Trading & Investment Co. Pvt. Ltd., Garware Goa Nets Ltd., Garware Offshore Services Ltd., Masu Trading & Investment Co. Pvt. Ltd., Mauve Trading Co. Pvt. Ltd., Shesu Trading & Investment Co. Pvt. Ltd., Universal Investment Services Pvt. Ltd., Veebeegee Investment Co. Pvt. Ltd.

MR. C.V. RAMACHANDRAN

Mr. C.V. Ramachandran is an L.L.B. and Fellow Member of Institute of Company Secretaries of India, having wide and varied experience over 40 years especially in legal matters.

Other Directorship held : Garware Goa Nets Ltd.

5. 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 therein 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.
6. 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.28560652, Fax No.28525207.

REQUEST TO THE MEMBERS :

7. 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 can be furnished will be furnished to the Members.
8. Members are requested to bring their copy of Annual Report at the Meeting.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956.

ITEM NO.6 & 7

Mr. S.V. Atre was appointed as an Additional Director of the Company with effect from 31st October, 2007 and shall hold office till the date of the ensuing Annual General Meeting . Notice u/s. 257 of the Companies Act, 1956 has been received from a Shareholder proposing his candidature for the office of the Director.

Mr. S.V. Atre has been associated with the Company since 2001 and has rich experience in the field of Production and Marketing and other related matters. His experience has been and will continue to be of immense help to the Company. Members are requested to appoint him as Director.

In the event Mr. S.V. Atre is appointed as a Director, it is also proposed to appoint him as Executive Director of the Company for a period of three years. With effect from 31st October, 2007 and pay remuneration under the provisions of the Companies Act, 1956.

The following remuneration is proposed to be paid :

(a)	SALARY	Rs.25,000/- per month or such higher amount as may be approved by the Board of Directors or its Committee from time to time.
(b)	HOUSE RENT ALLOWANCE	Rs.10,000/- per month
(c)	PERQUISITES	<p>Mr. S.V.Atre will, in addition to salary be entitled to benefits like Ex-Gratia and other perquisites such as reimbursement of medical expenses of Rs.2,000/- per month incurred for self and family, leave travel allowance of Rs.2,000/-per month for self and family, provision of a car with driver, telephone at residence and other allowances as per the rules of the Company. Perquisites shall be evaluated as per Income-Tax Rules, wherever applicable.</p> <p>Mr.S.V.Atre shall also be entitled to the following perquisites which shall not be included in the computation of the ceiling on remuneration:</p> <ul style="list-style-type: none"> (i) 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. (ii) Gratuity payable at the rate not exceeding half a month's salary for each completed year of service. (iii) Encashment of leave at the end of his tenure. (iv) Mr. S.V.Atre will be entitled to leave on full remuneration, as per the rules of the Company but not exceeding one month's leave for every 11 months of service. (v) Mr. S.V.Atre will also be entitled to reimbursement of entertainment expenses actually incurred by him in the course of business of the Company. (vi) Mr. S.V.Atre will also be entitled to receive from the Company travelling, hotel and other expenses incurred in performance of the duties on behalf of the Company.

The above shall be treated as an abstract of the terms and conditions u/s.302 (7) of the Companies Act, 1956. The draft agreement proposed to be entered between the Company and Mr. S.V. Atre is available for inspection to the members on any working day between 2.00 PM. and 4.00 PM at the Registered Office of the Company till the date of the conclusion of the Annual General Meeting.

Except Mr. S.V. Atre, no other Directors are interested or concerned in passing of the Resolution.

ITEM NO. 8 & 9

The Board of Directors at its meeting held on 30th November, 2007, subject to the approval of the shareholders and any other statutory approvals wherever applicable, , has proposed to offer for subscription by way of preferential allotment up to 3,50,000 Warrants of Rs. 10/- each to Promoters and Group of Promoter Companies and 4,70,000 Warrants of Rs.10/- each to Non-Promoters of the Company for cash at a price of Rs.25/- Per Warrant (i.e. at a premium of Rs.15/-). The Equity Shares arising on conversion of Warrants shall rank pari passu with all the existing shares of the Company.

The issue price computed on the basis of the SEBI Guidelines is Rs.24.68 per Warrant approximately and the shares to be issued in exercise of the option relating to the Warrants are proposed to be issued at Rs.25/- per Share.

The currency of the Warrants shall not exceed 18 months from the date of the issue of the Warrants.

Disclosures required to be made in the Explanatory Statement pursuant to the provisions of the SEBI (Disclosures and Investors Protection) Guidelines, 2000 (the SEBI Guidelines) are set out below:

I. The object of the issue through preferential offer:

The funds raised from the proposed issue of Warrants will be utilized for part funding the Capital Expenditure for expansion and support growth plans of the company and repayment of existing debts..



II. Intention of the Promoters/Directors to subscribe to the offer:

It is proposed to issue the Warrants to the Promoters / Group of the Promoter Companies and their Nominees and Key Management Persons.

IDENTITY OF THE PROPOSED ALLOTTEES

PARTICULARS	PRE ISSUE		NO. OF WARRANTS TO BE SUBSCRIBED	AFTER CONVERSION	
	No. of Shares held	% of Holding	No. of Warrants	Total No. of shares Held	% of Holding
A. PROMOTERS					
Adsu Trading & Investment Co. Ltd	5,800	0.12	1,00,000	1,05,800	1.84
Ashok B. Garware	3,90,630	7.90	1,00,000	4,90,630	8.51
Universal Investments Services Pvt.Ltd.	1,68,655	3.41	1,50,000	3,18,655	5.53
B. NON PROMOTERS					
Ajay Malpani	16,041	0.32	40,000	56,041	0.97
Ajay Malpani H.U.F.	—	—	40,000	40,000	0.69
Beeba Pai	—	—	40,000	40,000	0.69
Suresh Pai	—	—	40,000	40,000	0.69
G.C.Malpani H.U.F.	4,150	0.08	36,000	40,150	0.70
Aruna Pugalia	—	—	32,000	32,000	0.55
Bharati Damani	—	—	32,000	32,000	0.55
C.D.More	—	—	32,000	32,000	0.55
Othayamangalam.Pavithran	3,101	0.06	30,000	33,101	0.57
Sajitha Pavithran	—	—	32,000	32,000	0.55
Santosh R Bhise	—	—	32,000	32,000	0.55
S.N.Damani	291	0.00	32,000	32,291	0.56
Sujata More	—	—	32,000	32,000	0.55
Piyush Patel	950	0.02	20,000	20,950	0.36
TOTAL	—	—	8,20,000		

The number of Warrants to be subscribed as mentioned herein above may be interchanged with proposed allottees. However, the total number of Warrants to be allotted pursuant to these resolutions will remain same.

The composition of the present Board of Directors is not likely to undergo any change.

GARWARE MARINE INDUSTRIES LIMITED

Twenty Ninth Annual Report 2006-07

- III. Shareholding pattern before and after the offer on allotment of Equity Shares and on conversions of warrants into Equity shares. :

CATEGORY OF SHAREHOLDERS	PRE ISSUE		POST ISSUE	
	NO. OF SHARES / WARRANTS HELD	% OF HOLDING	NO. OF SHARES HELD	% OF HOLDING
A. PROMOTERS HOLDING				
Indian Promoters	14,76,890	29.86	18,26,890	31.68
Foreign Promoters	-	-	-	-
B. NON PROMOTERS HOLDING				
Mutual funds and UTI	100	0.00	100	0.00
Banks/ financial Institutions / Insurance Companies	25,325	0.51	25,325	0.44
Foreign Institutional Investors	-	-	-	-
Private Corporate Bodies	5,23,994	10.59	5,23,994	9.09
Indian Public & Trust	27,40,506	55.41	32,10,506	55.68
NRIs	8,354	0.17	8,354	0.14
Trust	1,71,015	3.46	1,71,015	2.97
GRAND TOTAL	49,46,184	100	57,66,184	100.00

Presumptions :-

- All Warrant Holders will exercise their option for conversion into Equity Shares.
- All the Equity shares / Warrants as are offered to the proposed allottees are fully subscribed to and allotted to them.
- All the warrants are at the time of exercise of the option, held by the said proposed allottees respectively and that all the Warrants are exercised by them.

- IV. Proposed time within which the allotment shall be completed:

The allotment of Shares / Warrants is proposed to be completed within a maximum period of 15 days from the date of passing of the resolution at the General Meeting, provided that when the allotment on preferential basis is pending on account of pendency of any approval for such allotment by any regulatory authority, the allotment shall be completed within 15 days from the date of receipt of such last approval.

None of the Directors of the Company except Mr.Ashok Garware and Mr. Aditya Garware shall be interested to the extent of shares that may be allotted to them and/or, the promoter Group Companies.

A copy of the certificate from Messrs. Raman S. Shah & Associates, Chartered Accountants, Mumbai, Statutory Auditors of the Company, certifying that the issue of Warrants and shares arising on exercise of Warrants is being made in accordance with the requirements of the SEBI Guidelines shall be available for inspection of members at the Registered Office of the Company between 2.00 p.m. and 4.00 p.m. on any Working Day till the date of the conclusion of the Extra-Ordinary General Meeting and placed before the Shareholders at the Extra Ordinary General Meeting.

The Special Resolution has been proposed under the provisions of Section 81(1A) of the Companies Act, 1956 in view of the fact that the Warrants and Shares arising out of conversion of Warrants will be offered to persons who may or may not be the existing members.

Registered Office :

Chander Mukhi
Nariman Point
Mumbai – 400 021

Dated 30th November, 2007.

By Order of the Board

A.C. CHANDARANA
COMPANY SECRETARY



DIRECTORS' REPORT
FOR THE YEAR ENDED 30TH JUNE, 2007

TO
THE MEMBERS

	12 months period ended 30.06.07	Rs. in Lacs 18 months period ended 30.06.06
1. FINANCIAL RESULTS :		
Income from Operations / Other Income	1,281.92	1,730.71
Expenses	1,137.27	1,557.39
Profit before Interest, Depreciation & Tax	144.65	173.32
Interest & Finance Charges	49.81	96.72
Profit before Depreciation & Tax	94.84	76.60
Depreciation & Amortisation	16.34	22.91
Provision for Tax (including Fringe Benefit Tax)	11.76	0.58
Net Profit for the year	66.74	53.11

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/- each. The Cash Outflow on account of Dividend will be Rs.28.93 Lacs (previous year – Rs.28.20 Lacs) inclusive of tax on Dividend.

3. OPERATIONS :

During the year under review, the production was 370 M.T. (previous period 406.831 M.T. for 18 months). Income from operation was Rs.1197.09 Lacs for the period (as against Rs.1652.87 Lacs for 18 months). Interest and Finance charges was reduced to Rs.49.81 Lacs (as against Rs.96.72 Lacs for 18 months).

The Operating profits for the year stood at Rs.94.84 Lacs (as against Rs.76.60 Lacs for 18 months). The Profit after tax was Rs.66.74 Lacs (as against Rs.53.11 Lacs for 18 months), an increase of 95% on an annualised basis.

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

4. 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 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.
- 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.

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

5. FIXED DEPOSITS :

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

6. DIRECTORS :

Mr. S.V. Atre was appointed as Additional Director and Executive Director, subject to the approval of Shareholders at the ensuing Annual General Meeting. Notice u/s. 257 from a Member proposing his candidature for the Office of Director has been received. Members are requested to appoint him as Director and Executive Director of the Company.

Mr. A.A. Garware and Mr. C.V. Ramachandran, Directors, retire by rotation and being eligible, offer themselves for re-election. The members are requested to elect them.

7. AUDITORS :

You are requested to appoint Auditors for the current year ending 30th June, 2008 and to fix their remuneration. With regard to Auditors' Report, the Notes to the Accounts are self explanatory.

8. PERSONNEL :

The relations with Employees at Ahmednagar continue to be cordial and satisfactory.

The relations with the Employees at Head Office are extremely good.

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

9. CORPORATE GOVERNANCE :

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

10. 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.

11. WORKING CAPITAL LIMITS WITH BANKERS :

The existing Working Capital Term Loan from the consortium of bankers is progressively reducing in view of regular repayment. As a result, the interest burden on the Company has reduced by approximately 25% during the year (on an annualized basis).

12. 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 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 : 31st October, 2007



ANNEXURE 1 TO DIRECTORS' REPORT

FORM - A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

	Current Year 01.07.2006 to 30.06.2007 (12 MONTHS)	Previous Period 01.01.2005 to 30.06.2006 (18 MONTHS)
A. POWER AND FUEL CONSUMPTION		
FISH KNITTED FABRICS / TWINE		
Electricity		
(a) Purchased Units (in Kwh)	5,08,035	7,24,962
Total Amount (Rs.)	26,66,542	31,82,906
Rate Per Unit (Rs.) (Avg.)	5.25	4.39
(b) Own Generation		
I) Through Diesel Generator		
Unit (in Kwh)	26,482	27,792
Total Amount (Rs.)	8,89,809	8,84,125
Cost per litre (Rs.) (Avg.)	33.60	31.81

(B) CONSUMPTION PER UNIT (KG.) OF PRODUCTION

	Standard (If any)	01.07.2006 to 30.06.2007	01.01.2005 to 30.06.2006
FISH KNITTED FABRICS/TWINE			
Electricity (Kwh)	N.A.	1.37	1.78
Furnace Oil			
H.S.D. (Ltrs.)	N.A.	0.07	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 within India and Internationally.
- 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, 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

Place : Mumbai
Date : 31st October, 2007

ASHOK GARWARE
Chairman



ANNEXURE TO DIRECTOR'S REPORT : 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 Nylon Filament Fishing Nets 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 dependant on the vagaries of nature.

Your Company is in the process of revamping the machines at the factory at Ahmednagar and is also exploring other business areas.

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.

OUTLOOK :

Since the Company is in the process of revamping operations, we anticipate the productivity of the plant to improve. The Company will make all attempts to export its products in the future.

INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY :

Your Company has a good defined Internal Control System for all the functions which is satisfactory.

FINANCIAL & OPERATIONAL PERFORMANCE :

- i) Operating profit ratio's of the company : 12.49%
- ii) Current ratio of the company : 3.03:1
- iii) The company has a debt-equity ratio : 0.51:1

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

Relations with the Union and the Staff in general are very cordial and we are expecting the same to continue.

The total strength of the employees of the company stands at 181.

The Union alongwith Management are committed towards the achievement of the company's goals.

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. Mr. Ashok Garware is Chairman and Mr. Aditya Garware is Vice Chairman of the Company. Mr. C.V. Ramachandran, Dr. B.M. Saraiya and Mr. V.V. Desai are Independent and Non-Executive Directors. Mr. S.V. Atre has been appointed as an Additional and Executive Director w.e.f. 31.10.2007.

Five Board Meetings were held during 12 months period ended 30th June, 2007 on following dates :

28th July, 2006	19th October, 2006
28th November, 2006	30th January, 2007
30th April, 2007	

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	Remarks
Mr. Ashok Garware (Chairman)	5	Yes	--
Mr. Aditya Garware Vice Chairman	5	Yes	--
Dr. B.M. Saraiya	4	Yes	--
Mr. V.V. Desai	3	Yes	--
Mr. C.V. Ramachandran	5	Yes	--
Mr. S.V. Atre (Additional and Executive Director)	N.A.	N.A.	appointed w.e.f. 31-10-07

The Directors were paid sitting fees of Rs.2,000/- for each meeting of the Board of Directors..

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

No other remuneration (except sitting fees) was paid to any Director of the Company during the year under review.

2. AUDIT COMMITTEE :

An Audit Committee consists of 3 members viz. Mr. C.V. Ramachandran, Mr. Aditya A. Garware and Dr. B.M. Saraiya. All three committee members are Non-Executive Directors. Mr. C.V. Ramachandran acts as Chairman of the Committee.

The Company Secretary acts as Secretary of the Committee.

3. SHARE TRANSFER COMMITTEE :

Mr. C.V. Ramachandran, Mr. Aditya A. Garware and Dr. B.M. Saraiya are the members. All three Committee members are Non-Executive Directors. Mr. C.V. Ramachandran is the Chairman of the Committee. The Committee meets once a fortnight to approve, interalia, transfer / transmission of shares, issues of duplicate shares and consolidation of shares. The Committee also reviews the status of Investor grievances and the Company's redressal mechanism and recommends measures to improve the quality of services to Investor.

The Company Secretary acts as the Compliance Officer of the Company.

4. GENERAL BODY MEETINGS :

The last Three Annual General Meetings (AGM) of the Company were held on 30th June, 2004, 29th June, 2005 and 29th December, 2006 at "Garware Sabhagriha", F.P.H. Building, Lala Lajpatrai Marg, Haji Ali, Mumbai at 9:30 a.m. All resolutions including special business as set out in the Notice were passed by the Shareholders at the AGM.

No resolution was put through Postal Ballot during the period under review and no resolution is proposed to be passed through Postal Ballot at the ensuing Annual General Meeting.



5. DISCLOSURE :

There were no related Party Transactions, which had potential conflict with the interest of the Company at large.

6. SHARE PRICE – HIGH AND LOW ON THE MUMBAI STOCK EXCHANGE FOR THE YEAR JULY, 2006 TO JUNE, 2007.

MONTH	JULY'06	AUG'06	SEPT.'06	OCT'06	NOV'06	DEC'06	JAN'07	FEB'07	MAR'07	APR'07	MAY'07	JUN'07
HIGH	10.29	10.10	9.29	10.25	17.19	31.90	34.25	39.55	26.70	30.05	27.55	24.85
LOW	8.00	7.51	7.30	7.41	8.05	13.55	25.30	25.40	21.20	22.20	22.75	21.00

Source : www.bseindia.com

7. GENERAL SHAREHOLDER INFORMATION :

29th AGM : Date, Time and Venue	31st December, 2007 at 9:30 a.m. "Garware Sabhagriha", F.P.H. Building, Lala Lajpatrai Marg, Haji Ali, Mumbai - 400 034.
FINANCIAL CALENDAR	
Financial Year	July, 2007 to June, 2008.
Unaudited Financial Results 1st Quarter Ending 30th September, 2007.	31st October, 2007.
Unaudited Financial Results 2nd Quarter Ending 31st December, 2007.	January, 2008.
Unaudited Financial Results 3rd Quarter Ending 31st March, 2008.	April, 2008.
Unaudited Financial Results 4th Quarter Ending 30th June, 2008.	July, 2008.
Annual General Meeting for the Year Ending 30th June, 2008.	Before the end of December, 2008.
Date of Book Closure (Current)	27th to 31st December, 2007. (both days inclusive)
Dividend Payment Date.(Previous)	8th January, 2007.
Listing on Stock Exchange.	Bombay Stock Exchange Ltd.
Stock Code.	509563
Registrar and Transfer Agent for Physical and Electronic Connectivity.	Bigshare Services Pvt. Ltd. E-2, Ansa Industrial Estate, Saki Vihar Road, Saki Naka Andheri (East), Mumbai – 400 072 Tel : 022 – 2852 3474 / 022 – 2856 0652
Distribution of Shareholding and Shareholding Pattern	Please Refer Annexure "A".
Dematerialisation of Shares	As on 31/10/07, 62.60% of total paid up Equity Capital has been Dematerialised.
ISIN No.	INE 925D01014
The Quarterly Unaudited Financial Results were published in	English – Free Press Journal Marathi – Navshakti
GDRS / ADRS	Not Applicable.
Address for Correspondence	Garware Marine Industries Ltd. Chander Mukhi, Nariman Point Mumbai – 400 021

On Behalf of the Board

ASHOK B. GARWARE
CHAIRMAN

Place : Mumbai
Dated : 31st October, 2007

ANNEXURE "A"

THE DISTRIBUTION OF EQUITY SHAREHOLDING AS ON 26TH OCTOBER, 2007 IS AS FOLLOWS

Share holding of Nominal Value of			Share Holder		Share Amount	
(Rs.)	(1)	(Rs.)	Number (2)	% to Total (3)	In Rs. (4)	% to Total Amount (5)
1	to	5,000	10,632	93.28	1,37,63,500	27.83
5,001	to	10,000	436	3.83	34,09,930	6.89
10,001	to	20,000	178	1.56	26,08,420	5.27
20,001	to	30,000	39	0.34	9,86,780	2.00
30,001	to	40,000	18	0.16	6,55,890	1.33
40,001	to	50,000	22	0.19	10,18,500	2.06
50,001	to	1,00,000	32	0.28	24,05,330	4.86
1,00,001	and	Above	41	0.36	2,46,13,490	49.76
	TOTAL		11,398	100.00	4,94,61,840	100.00

SHAREHOLDING PATTERN AS ON 26TH OCTOBER, 2007 IS AS FOLLOWS :

Sl. No.	Caterogy	No. of Shares Held	% of Share holding
A.	PROMOTERS' HOLDING		
1.	Promoters		
	• Indian Promoters	14,76,890	29.86
	• Foreign Promoters	--	--
	SUB TOTAL	14,76,890	29.86
B.	NON-PROMOTERS HOLDINGS		
2.	Mutual Funds & UTI	100	0.00
3.	Banks, Financial Institutions, Insurance Companies, (Central/State Govt. Institutions/Non-Government Institutions)	25,325	0.51
4.	FIIS	--	--
	SUB TOTAL	25,425	0.51
5.	OTHERS		
	• Private Corporate Bodies	4,76,313	9.63
	• Indian Public	27,90,787	56.42
	• NRIs/OCBs	8,754	0.18
	• Trust	1,68,015	3.40
	SUB TOTAL	34,43,869	69.63
	TOTAL	49,46,184	100.00



Auditors' Certificate on Compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement(s).

To the Members of Garware Marine Industries Limited.

We have examined the compliance of the conditions of Corporate Governance by Garware Marine Industries Ltd. (the Company) for the 12 months period i.e. July, 2006 to 30th June, 2007 with the relevant Records and Documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an Audit nor expression of opinion on the financial statement of the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

On the basis of our review and according to the information and explanations given to us, the conditions of Corporate Governance as stipulated Clause 49 of the Listing Agreement(s) with the Stock Exchange(s) have been complied with in all material respects by the Company.

For **RAMAN S. SHAH & ASSOCIATES**
Chartered Accountants

Santosh A. Sankhe
Partner

Place : Mumbai
Date : 31st October, 2007

AUDITOR'S REPORT

TO THE MEMBERS OF M/S. GARWARE MARINE INDUSTRIES LTD.

1. We have audited the attached Balance Sheet of **M/S. GARWARE MARINE INDUSTRIES LIMITED** as at 30th JUNE, 2007 and also the Profit and Loss Account for the year ended on that date annexed thereto for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that :-
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - (c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account and with the audited returns from the branches.
 - (d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - (e) On the basis of written representations received from the directors, as on 30th JUNE, 2007 and taken on record by the Board of Directors we report that none of the directors is disqualified as on 30th JUNE, 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - (f) In our opinion and to the best of our information and according to the explanations given to us, and *subject to (I) Note No.3 regarding defferment of revenue expenditure amounting to Rs. 74,837/- (II) Note No.1(g) regarding non-provision of gratuity liability,(III) Note No.9 regarding to non-provision for dimunition in the value of shares and amount recoverable from GARWARE NYLONS LTD.* , the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 30th JUNE, 2007.
and
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date.

For RAMAN S. SHAH & ASSOCIATES

Chartered Accountants

PLACE : Mumbai

DATE : 31st October, 2007.

SANTOSH A. SANKHE

Partner



ANNEXURE TO AUDITOR'S REPORT

REFERRED TO IN PARAGRAPH OF OUR REPORT OF EVEN DATE

- 1 a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
- b. According to the information and explanations given to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner which, in our opinion, is reasonable, having regard to the size of the Company and nature of the assets. No material discrepancies were noticed on such verification.
- c. In our opinion, the Company has not disposed of substantial part of fixed assets during the year and the going concern status of the Company is not affected.
- 2 a. As explained to us, inventories have been physically verified by the management at regular intervals during the year.
- b. In our opinion and according to the information & explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
- 3 a. We are informed that the Company has taken unsecured loans, from companies, listed in the register maintained under Section 301 of the Companies Act, 1956 on terms and conditions which are not prejudicial to the interest of the Company.
- b. The Company has not granted any loan, secured or unsecured to companies, firms, other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- 4 In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of goods & services. During the course of our audit, we have not observed any major weaknesses in internal controls.
- 5 a. In our opinion and according to the information and explanations given to us the transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956, have been so entered.
- b. According to the information and explanations given to us the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rupees Five Lakhs in respect of any party during the period have been made at prices which are reasonable having regards to prevailing market prices at the relevant time in the opinion of the management.
- 6 The Company has not accepted any deposits from the public. Hence the requirements of clause (vi) of paragraph 4 of the Order is not applicable to the Company.
- 7 In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- 8 The Central government has not prescribed maintenance of the cost records under section 209(1)(d) of the Companies Act, 1956 in the year under review for any of the products of the Company.
- 9 According to the information and explanations given to us, there are no undisputed statutory dues payable in respect of Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income-tax, Sales-tax, Wealth Tax, Custom Duty, Excise Duty , cess which are outstanding as at for a period of more than six months from the date they became payable.

GARWARE MARINE INDUSTRIES LIMITED

Twenty Ninth Annual Report 2006-07

- 10 The Company has accumulated losses of Rs.2.17 crores and has not incurred any cash losses during the year covered by our audit or in the immediately preceding financial year.
- 11 In our opinion and according to the information and explanations given to us the Company has not defaulted in repayment of dues to financial institutions or bank or debentureholder .
- 12 In our opinion and according to the information & explanation given to us , no loan and advances have been granted by the Company on the basis of security by way of pledge of shares , debentures and other securities.
- 13 In our opinion,the Company is not a Chit fund, Nidhi or mutual benefit Society. Hence, the requirements of clause (xiii) of paragraph 4 of the Order is not applicable to the Company.
- 14 The Company is not dealing or trading in shares, securities, debentures and other investments. Hence the requirements of clause (xiv) of paragraph 4 of the Order is not applicable to the Company.
- 15 According to the information and explanations given to us, the terms and condition on which the Company has given guarantee for loans taken by others from the Banks are not prejudicial to the interest of the Company.
- 16 To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the Company were *prima facie*, applied by the Company during the year for the purposes for which the loans were obtained.
- 17 According to the information and explanations given to us, no funds raised on short-term basis have been used for long-term investment. Similarly, no funds raised on long term basis have been used for short-term investment.
- 18 During the year, the Company has not made preferential allotment of shares to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- 19 The Company has not issued any debentures. Hence the requirements of clause (xix) of paragraph 4 of the Order is not applicable to the Company.
- 20 The Company has not raised any money by way of public issues during the year.
- 21 In our opinion & according to the information and explanations given to us, a fraud on or by the Company has not been noticed or reported during the year.

For RAMAN S. SHAH & ASSOCIATES

Chartered Accountants

PLACE: Mumbai

DATE : 31st October, 2007.

SANTOSH A. SANKHE

Partner



BALANCE SHEET AS AT 30TH JUNE, 2007

	Schedule	Rupees	As at 30.06.2007 Rupees	As at 30.06.2006 Rupees
SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS				
Share Capital	A	4,94,61,840		4,94,61,840
Reserves & Surplus	B	2,95,62,596		2,95,62,596
			7,90,24,436	7,90,24,436
LOAN FUNDS				
Secured	C	3,31,70,178		3,74,24,591
Unsecured	D	71,69,368		83,25,557
			4,03,39,546	4,57,50,148
TOTAL			11,93,63,982	12,47,74,584
APPLICATION OF FUNDS				
FIXED ASSETS				
Gross Block	E	11,03,26,858		10,97,04,649
Less : Depreciation		8,58,43,748		8,42,10,176
Net Block			2,44,83,110	2,54,94,473
INVESTMENTS	F		90,81,023	91,35,610
NET CURRENT ASSETS				
Current Assets, Loans & Advances	G	9,42,61,203		9,13,34,216
Less : Current Liabilities & Provisions	H	3,11,57,071		2,78,15,963
			6,31,04,132	6,35,18,253
DEFERRED TAX ASSETS			8,91,920	8,91,920
MISCELLANEOUS EXPENDITURE (To the extent not written off or Adjusted)	I		74,837	2,24,511
PROFIT & LOSS ACCOUNT BALANCE			2,17,28,960	2,55,09,817
TOTAL			11,93,63,982	12,47,74,584
NOTES FORMING PART OF THE ACCOUNTS	L			

As per our Report of even date

For Raman S. Shah & Associates
Chartered Accountants

C. V. Ramachandran
Director

S. V. Atre
Executive Director

Santosh A. Sankhe
Partner
Mumbai, 31st October, 2007

A.C.Chandarana
Company Secretary
Mumbai, 31st October, 2007

GARWARE MARINE INDUSTRIES LIMITED

Twenty Ninth Annual Report 2006-07

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 2007

	Schedule	Year Ended 30.06.2007 Rupees	Period Ended 30.06.2006 (18 Months) Rupees
INCOME			
INCOME FROM OPERATIONS		11,97,09,033	16,52,87,025
OTHER INCOME	J	84,82,904	77,84,244
TOTAL		12,81,91,937	17,30,71,269
EXPENDITURE			
MANUFACTURING AND OTHER EXPENSES	K	11,37,27,036	15,57,38,799
INTEREST & FINANCE CHARGES		49,80,599	96,72,424
		11,87,07,635	16,54,11,223
OPERATING PROFIT/(LOSS)		94,84,302	76,60,046
DEPRECIATION AND AMORTISATION		16,33,572	46,51,305
Less : Transferred from Revaluation Reserve		0	23,59,813
		16,33,572	22,91,492
PROFIT / (LOSS) BEFORE TAX FOR THE YEAR		78,50,730	53,68,554
LESS : PROVISION FOR TAXATION			
CURRENT TAX		11,30,000	0
FRINGE BEBENEFIT TAX		46,479	57,574
		11,76,479	57,574
PROFIT / (LOSS) AFTER TAX		66,74,251	53,10,980
ADD / LESS : PROFIT / (LOSS) BROUGHT FORWARD FROM LAST YEAR		-2,55,09,817	-2,80,00,853
PROFIT AVAILABLE FOR APROPRIATIONS		-1,88,35,566	-2,26,89,873
APPRORIATIONS			
PROPOSED DIVIDEND		24,73,092	24,73,092
TAX ON DIVIDEND		4,20,302	3,46,852
BALANCE IN PROFIT AND LOSS ACCOUNT		-2,17,28,960	-2,55,09,817
TOTAL		-1,88,35,566	-2,26,89,873
EARNING PER SHARE (REFER NOTE NO. 13)		1.35	1.07

As per our Report of even date

For Raman S. Shah & Associates
Chartered Accountants

C. V. Ramachandran
Director

S. V. Atre
Executive Director

Santosh A. Sankhe
Partner
Mumbai, 31st October, 2007

A.C.Chandarana
Company Secretary
Mumbai, 31st October, 2007



SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 30TH JUNE, 2007

	Rupees	As at 30.06.2007 Rupees	As at 30.06.2006 Rupees
SCHEDULE A			
SHARE CAPITAL			
Authorised			
99,00,000 Equity Shares of Rs.10/- each		9,90,00,000	9,90,00,000
10,000 11% Cumulative Redeemable Preference Shares of Rs.100/- each, Redeemable at par on the expiry of 15 years from the date of allotment but at the option of the Company at any time after 12 years from the date of allotment by giving 3 months previous notice.		10,00,000	10,00,000
TOTAL		10,00,00,000	10,00,00,000
Issued, Subscribed and Paid-up			
49,46,184 (Previous year 49,46,184) Equity Shares of Rs.10/- each fully paid (Of the above 3,20,000 Equity Shares of Rs.10/- each were issued as fully paid Bonus Shares by capitalisation of General Reserve)		4,94,61,840	4,94,61,840
TOTAL		4,94,61,840	4,94,61,840
SCHEDULE B			
RESERVES AND SURPLUS			
1. CAPITAL REDEMPTION RESERVE		5,00,000	5,00,000
2. REVALUATION RESERVE			
As per last Balance Sheet	0		23,59,813
Less : Transferred to Profit and Loss Account	0		23,59,813
		0	0
3. GENERAL RESERVE		77,29,644	77,29,644
4. SHARE PREMIUM ACCOUNT			
On issue of 13,38,184 (Previous year 13,38,184) Equity Shares on right basis		2,08,07,872	2,08,07,872
5. CAPITAL RESERVE		5,25,080	5,25,080
TOTAL		2,95,62,596	2,95,62,596

GARWARE MARINE INDUSTRIES LIMITED

Twenty Ninth Annual Report 2006-07

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 30TH JUNE, 2007

	As at 30.06.2007 Rupees	As at 30.06.2006 Rupees
	<hr/>	<hr/>
<u>SCHEDULE C</u>		
SECURED LOANS		
SHORT TERM LOANS :		
From Bank		
Working Capital Term Loan from The United Western Bank Ltd.	1,80,14,155	2,03,66,291
Working Capital Term Loan from The Shamrao Vithal Co.op. Bank Ltd.	1,51,56,023	1,70,58,300
	<hr/>	<hr/>
TOTAL	3,31,70,178	3,74,24,591
	<hr/> <hr/>	<hr/> <hr/>

SCHEDULE D**UNSECURED LOANS****OTHER LOANS**

(a) Inter Corporate Deposit	55,59,906	49,00,906
(b) E.C.B. Loan	16,09,462	34,24,651
	<hr/>	<hr/>
TOTAL	71,69,368	83,25,557
	<hr/> <hr/>	<hr/> <hr/>

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 30TH JUNE, 2007

SCHEDULE E

FIXED ASSETS

Description of Assets	GROSS BLOCK (AT COST / BOOK VALUE)			DEPRECIATION / AMORTISATION			NET BLOCK		
	As at 01.07.2006 Rupees	Additions Rupees	Deductions Rupees	As on 30.06.2007 Rupees	As at 01.07.2006 Rupees	During the Period	On Sale of Assets	As on 30.06.2007 Rupees	As on 30.06.2006 Rupees
1. LAND (LEASEHOLD)	5,68,191	0	0	5,68,191	1,53,848	5,966	0	4,08,377	4,14,343
2. BUILDING	1,01,41,524	0	0	1,01,41,524	46,69,029	1,81,596	0	52,90,899	54,72,495
3. PLANT & MACHINERY	9,60,75,139	6,22,209	0	9,66,97,348	7,69,43,922	13,71,411	0	1,83,82,015	1,91,31,217
4. FURNITURE & FIXTURES	11,83,553	0	0	11,83,553	9,34,495	47,470	0	2,01,588	2,49,058
5. OFFICE EQUIPMENT	6,34,690	0	0	6,34,690	5,95,464	464	0	38,762	39,226
6. VEHICLES	6,13,643	0	0	6,13,643	4,48,979	26,665	0	1,37,999	1,64,664
7. COMPUTERS	4,87,909	0	0	4,87,909	4,64,438	0	0	23,471	23,471
TOTAL	10,97,04,649	6,22,209	0	11,03,26,858	8,42,10,176	16,33,572	0	2,44,83,110	2,54,94,473
PREVIOUS YEAR	10,83,86,029	13,18,620	0	10,97,04,649	7,95,58,871	46,51,305	0	2,54,94,473	

See Note No.1 for Accounting Policy.

GARWARE MARINE INDUSTRIES LIMITED

Twenty Ninth Annual Report 2006-07

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 30TH JUNE, 2007

	Rupees	As at 30.06.2007 Rupees	As at 30.06.2006 Rupees
SCHEDULE F			
INVESTMENTS (AT COST)			
SHARES :			
Quoted			
14,91,061			
		(Previous year 15,00,986) equity Shares of face value of Rs.10/- each fully paid of Garware Offshore Services Ltd. (Market Value Rs.30,30,58,148/-) (Previous Year Rs.15,38,51,065/-)	
		82,12,041	82,66,629
Unquoted			
42,550			
		(Previous Year 42,550) Equity Shares of Rs.10/- each fully paid of Garware Nylon Ltd.	
		3,96,981	3,96,981
3000			
		Equity Shares of Rs.100/- each of Garware Goa Nets Ltd. (Formerly known as Sainet Limited)	
		4,17,000	4,17,000
2000			
		Equity Shares of Rs.10/- each of Kapole Co-operative Bank Limited	
		20,000	20,000
2500			
		Equity Shares of Rs.10/- each of The Shamrao Vithal Co-operative Bank Ltd. National Saving Certificates	
		25,000	25,000
		10,000	10,000
TOTAL		90,81,023	91,35,610
SCHEDULE G			
CURRENT ASSETS, LOANS & ADVANCES			
A. Current Assets			
(a)			
		Inventories (At cost as taken valued and certified by a Director)	
		Raw Materials (At Cost)	14,08,882
		Work in Process (At Cost)	1,69,29,537
		Stores, Spares, Packing Material & Fuel. (At Cost)	74,67,050
		* Finished Goods	1,25,08,600
		* (At cost or realisable value whichever is lower as certified by a Director)	3,83,14,069
		4,17,87,967	
(b)			
		Sundry Debtors (Unsecured, Considered Good)	
		Debts outstanding for more than six months	1,29,75,335
		Other Debts	3,04,41,075
		2,99,83,916	
		4,15,17,093	4,34,16,410
(c)			
		Cash & Bank Balances	
		Cash on Hand	3,12,612
		Bank Balances with Schedule Banks	
		In Current Account	3,55,823
		Deposit with Banks	8,36,918
		7,12,336	
		15,26,815	11,92,741
B. Loans And Advances			
		(Unsecured, Considered Good)	
		Advance Tax Paid & Tax Deducted at Source	29,41,591
		Advances Recoverable in Cash or in kind	14,07,400
		Deposit with other	30,89,408
		Balance with Excise Authorities	6,59,986
		6,59,986	6,59,986
		90,62,544	80,98,385
TOTAL		9,42,61,203	9,13,34,216



SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 30TH JUNE, 2007

	Rupees	As at 30.06.2007 Rupees	As at 30.06.2006 Rupees
SCHEDULE H			
CURRENT LIABILITIES AND PROVISIONS			
A. Current Liabilities			
Overdrawn Book Balances in Current A/C of Banks	20,63,982		26,04,172
Sundry Creditors	96,96,084		51,24,613
Other Liabilities	1,53,18,005		1,72,08,773
		2,70,78,071	2,49,37,558
B. PROVISIONS			
Proposed Dividend	24,73,092		24,73,092
Tax on Dividend	4,20,302		3,46,852
F.B.T. Payable	55,606		58,461
Provision for Taxation	11,30,000		0
		40,79,000	28,78,405
TOTAL		3,11,57,071	2,78,15,963

SCHEDULE I

MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

Deferred Legal Expenditure	74,837	2,24,511
TOTAL	74,837	2,24,511

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 2007

	Year Ended 30.06.2007 Rupees	Period Ended 30.06.2006 (18 Months) Rupees
SCHEDULE J		
OTHER INCOME		
Interest (Gross)	1,21,241	4,89,472
Dividend on Investments (Gross)	27,05,375	18,11,982
Profit on Sale of Investments	20,99,303	0
Miscellaneous Income	35,31,036	54,82,790
Credit Balance w/off	25,949	0
TOTAL	84,82,904	77,84,244

GARWARE MARINE INDUSTRIES LIMITED

Twenty Ninth Annual Report 2006-07

**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR
THE YEAR ENDED 30TH JUNE, 2007**

	Year Ended 30.06.2007	Period Ended 30.06.2006 (18 Months)
	Rupees	Rupees
	<u> </u>	<u> </u>
SCHEDULE K		
MANUFACTURING AND OTHER EXPENSES		
Consumption of Materials and Other Charges		
Raw Materials Consumed		
Opening Stock	14,08,882	15,81,749
Add : Purchases	6,66,56,744	6,97,92,076
	<u>6,80,65,626</u>	<u>7,13,73,825</u>
Less : Closing Stock	6,81,870	14,08,882
	<u>6,73,83,756</u>	<u>6,99,64,943</u>
Material Consumed	6,73,83,756	6,99,64,943
Trading Materials	1,77,28,338	2,19,74,670
Stores, Spares and Packing Materials Consumed	12,75,485	11,44,487
Power, Fuel And Water Charges	37,12,357	43,22,957
	<u>49,87,842</u>	<u>54,67,444</u>
Employees' Remuneration And Benefits		
Salaries, Wages And Bonus	1,69,74,604	2,36,90,416
Contribution to Provident Fund and Other Funds	12,56,036	17,76,943
Staff Welfare	4,69,541	7,00,351
	<u>1,87,00,181</u>	<u>2,61,67,710</u>
Administrative, Selling And General Expenses		
Advertisement	20,586	51,739
Rent	1,54,300	2,25,600
Insurance	2,63,236	2,39,488
Freight	23,26,015	40,20,873
Repairs and Maintenance	1,91,004	1,11,591
Fees, Rates And Taxes	16,61,724	7,04,564
Legal & Professional Charges	4,51,092	8,69,424
Travelling And Conveyance	1,81,823	2,63,771
Auditor's Remuneration	1,02,148	1,39,892
Share Issue Exp. Written Off	0	1,66,309
Deferred Legal Expenditure Written Off	1,49,674	2,24,509
Other Expenses	34,65,227	51,26,204
	<u>89,66,828</u>	<u>1,21,43,963</u>
Add : (Accretion to) / Depletion Of Stock of Finished Goods and Work in Process		
Opening Stock	2,94,38,137	4,94,58,207
Less : Closing Stock	3,34,78,047	2,94,38,137
	<u>-40,39,910</u>	<u>2,00,20,070</u>
TOTAL	<u><u>11,37,27,036</u></u>	<u><u>15,57,38,799</u></u>



SIGNIFICANT ACCOUNTING POLICIES & NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 2007

SCHEDULE L

1. Significant Accounting Policies

A. System of Accounting :

The Company generally follows the accrual basis of accounting both as to Income and Expenditure except those with significant uncertainties. Financial Statements are based on Historical cost.

B. Depreciation :

- (i) On original cost of all fixed assets installed upto 30.09.1987 on straight line method at rates prescribed U/S 205(2) (B) of the Companies Act, 1956 read with the circular No.1/86 (No.1.1.86CLV) dated 21.05.1986 of the Department of Company affairs.
- (ii) On all Fixed assets installed after 30.09.1987 on straight line method at rates prescribed in schedule XIV of Companies Act, 1956.
- (iii) On revaluation increase arising on revaluation made as on 1st April, 1984 at the rates calculated on straight line method over residual life of such assets as assessed by the valuers. An amount of Rs. Nil (Previous year Rs.23,59,813/-) has been transferred from Revaluation Reserve to Profit and Loss Account representing depreciation provided relating to revaluation increase.
- (iv) On Leasehold land on amortisation basis.

C. Fixed Assets :

- (i) All Fixed Assets are stated at cost less Depreciation.
- (ii) Revaluation of Leasehold Lands, Buildings and Plant & Machinery had been made as on 1st April, 1984 on the basis of valuation report submitted by M/s. P.C. Gandhi & Associates, Valuers appointed for the purpose. The resultant increase on such revaluation over the written down value of these assets amounting to Rs.4,18,00,310/- had been credited to Revaluation Reserve.

D. Inventories :

Items of Inventories are valued on the basis given below :

Raw Materials....	At cost
Work - in - Process	At cost
Stores, Spare, Packing Material & Fuel	At cost
Finished Goods	At cost or Realisable value whichever lower

E. Investment :

Investments are stated at cost of acquisition. No provision for diminution of permanent nature has been provided on long term Investments.

F. Foreign Exchange Transactions :

Transactions are accounted on exchange rate prevailing on the date of Accounting of Transaction.

G. Staff Benefits :

The Company has it's own Gratuity Fund for the Employees to cover gratuity liability contribution and is also accounted in the year of payment. Leave encashment is also accounted on actual payment basis.

Notes to Accounts :

2. Contingent Liabilities in respect of :

Guarantees given by Bankers Rs. 12.50 Lacs. (Previous Year Rs.12.50 Lacs)

GARWARE MARINE INDUSTRIES LIMITED

Twenty Ninth Annual Report 2006-07

3. Legal & Professional charges incurred has been identified by the Company as being of long term benefit and are written off over a period of five years. Accordingly an amount of Rs.1,49,674/- was written off during the year and balance of Rs.74,837/- is being carried forward to be charged in future years.

4. **Auditors Remuneration :**

Particulars	Year Ended 30.06.2007	Period Ended 30.06.2006
(a) Audit Fees	80,000	1,17,852
(b) Tax Audit Fees	22,148	22,040

5. (a) **Capacity and Production**

Particulars	Licenced Capacity @			Installed Capacity		Actual Production	
	Unit	Year Ended 30.06.2007 (12 Months)	Period Ended 30.06.2006 (18 Months)	Year Ended 30.06.2007 (12 Months)	Period Ended 30.06.2006 (18 Months)	Year Ended 30.06.2007 (12 Months)	Period Ended 30.06.2006 (18 Months)
(i) Fish Knitted Fabrics	M.T.	C.O.B. Licence for 256.000 Applied for	C.O.B. Licence for 384.000 Applied for	256.000	384.000	371.467	406.831

@ The Company has also applied for COB Licence for Nylon - Twine with capacity of 220 M.T. Although the installed capacity has been indicated as above most of the machines being common for different constructions and mesh sizes of Fish Knitted Fabrics manufactured by the Company, the installed capacity thus may vary from time to time.

The figures of installed capacity are as certified by a Director and accepted by the Auditors.

(b) **Stocks of Finished Goods :**

Particulars	Year Ended 30.06.2007				Period Ended 30.06.2006			
	Opening Stock		Closing Stock		Opening Stock		Closing Stock	
	Qty. M.T.	Value Rupees	Qty. M.T.	Value Rupees	Qty. M.T.	Value Rupees	Qty. M.T.	Value Rupees
(i) Fish Knitted Fabrics	48.054	1,07,84,731	68.022	1,52,77,517	47.415	1,09,16,527	48.054	1,07,84,731
(ii) Expanded PVC Floats	0.667	1,82,847	0.252	69,011	35.897	1,14,23,468	0.667	1,82,847
(iii) Nylon Monofilament	9.156	15,29,052	9.156	15,29,052	9.156	18,31,200	9.156	15,29,052
(iv) Nylon Twine	0.057	11,970	0.057	11,970	0.057	11,970	0.057	11,970
		1,25,08,600		1,68,87,550		2,41,83,165		1,25,08,600

Transactions of Goods Traded during the year

Particulars	Year Ended 30.06.2007							
	Opening Stock		Purchases		Sales		Closing Stock	
	Qty. M.T.	Value Rupees	Qty. M.T.	Value Rupees	Qty. M.T.	Value Rupees	Qty. M.T.	Value Rupees
Nylon Yarn	0	0	104.901	1,77,28,338	104.901	1,80,00,300	0	0

(c) Sales

Particulars	Year Ended 30.06.2007		Period Ended 30.06.2006	
	Qty. M.T.	Value Rupees	Qty. M.T.	Value Rupees
(i) Fish Knitted Fabrics	351.450	8,13,11,157	411.418	9,63,86,342
(ii) Expanded PVC Floats	0.415	1,68,322	35.230	1,08,92,674
(iii) H.D.P.E. Mono Yarn	13.085	15,38,959	0.000	0
(iv) Income from other Operations		1,86,90,295		3,45,58,131
(v) Others		0		10,53,474
		10,17,08,732		14,28,90,621

(d) Raw Material Consumed

Particulars	Year Ended 30.06.2007		Period Ended 30.06.2006	
	Qty. M.T.	Value Rupees	Qty. M.T.	Value Rupees
Nylon Yarn	390.115	6,73,83,756	390.974	6,99,64,943

(e) Value of imported and indigenous raw material, stores & spares consumed and percentage of each to the total consumption :

	Year Ended 30.06.2007		Period Ended 30.06.2006	
	Value Rupees	Percentage to Total	Value Rupees	Percentage to Total
(I) Raw Materials				
Imported	—	—	—	—
Indigenous	6,73,83,756	100%	6,99,64,943	100%
	6,73,83,756	100%	6,99,64,943	100%
(ii) Stores & Spares (*)				
Imported	—	—	—	—
Indigenous	9,62,117	100%	8,72,624	100%
	9,62,117	100%	8,72,624	100%

(*) Excludes packing material Rs. 3,13,369/- (Previous Year Rs. 2,71,863/-)

6. Taxes on Income:-

Provision for deferred tax assets and deferred tax liability are not provided as per AS-22 being Company having unabsorbed losses.

- In the opinion of the Board, current assets, loans and advances have a value of at least equal to the amounts shown in the Balance Sheet, if realized in the ordinary course of business. The provision for all the known liabilities is adequate and not in excess of the amount reasonably necessary. There are no contingent liabilities other than those stated in Note No.2.
- Reconciliation of Sundry Debtors & Sundry Creditors has been completed in part and the same has been reflected in the Accounts.
- Garware Nylons Limited has gone into liquidation and Bombay High Court has appointed Official Liquidator on 18th December, 1998. No provision for diminution in the value of investment of 42,550 equity shares and an amount of Rs 10,97,791.- recoverable from them is made in the accounts.
- The Company is in process of compiling details for amount due to small scale industries. For want of information from these parties, the details are not available.

GARWARE MARINE INDUSTRIES LIMITED

Twenty Ninth Annual Report 2006-07

11. The Company has certified that the Company does not have any related party as per the requirement of accounting standard 18 on "Related Party Disclosure" issued by the Institute of Chartered Accountants of India.

12. Segment Reporting

Particulars	Year Ended 30.06.2007 Rupees
Revenue by Industry Segement	
Manufacturing	10,95,01,641
Repairs / Contracts	1,86,90,295
Total	12,81,91,936
Less : Inter-Segment Revenue	0
	12,81,91,936
Segment Profit / (Loss) before Tax and Interest	
Manufacturing	-25,82,570
Repairs / Contracts	1,41,54,076
	1,15,71,507
Less : Interest	49,80,599
Depreciation	16,33,572
Profit before Tax	49,57,336

Principal Segments

The Company's operations mainly relate to manufacture of Nylon Fishing Nets and providing ship repair services. Accordingly, revenues segmental information set out above.

Segmental Capital Employed

Fixed Assets and Liabilities pertain to fishnet division of the Company. Accordingly, no disclosure relating to total segment assets and liabilities have been made.

13. Earning per share is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. The numbers used in calculating basic and diluted earnings per equity share are as stated below :

Particulars		30.06.2007	30.06.2006
Profit after tax	Rs.	66,74,251	53,10,980
Weighted average shares	Nos.	49,46,184	49,46,184
Earnings per shares	Rs.	1.35	1.07
Face value per share	Rs.	10	10

Signatures to Schedules A to L

As per our Report of even date

For Raman S. Shah & Associates
Chartered Accountants

C. V. Ramachandran
Director

S. V. Atre
Executive Director

Santosh A. Sankhe
Partner
Mumbai, 31st October, 2007

A.C.Chandarana
Company Secretary
Mumbai, 31st October, 2007



CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE,2007

PARTICULARS	Year Ended 30.06.2007 (Rupees)		Period Ended 30.06.2006 (Rupees)	
A. Cash Flow arising from Operating Activities :				
Net profit before tax and extraordinary items		66,74,251		53,10,980
Add / (Less) back :				
a) Depreciation charges (Net)	16,33,572		22,91,492	
b) Interest charges	49,80,599		96,72,424	
c) Deferred Revenue Expenditure written off.	1,49,674		3,90,818	
d) Profit on sale of investment	(20,99,303)		0	
e) Dividend Income	(27,05,375)		(18,11,982)	
f) Interest Income	(1,21,241)	18,37,926	(4,89,472)	1,00,53,280
Operating Profit before working charges		85,12,177		1,53,64,260
Deduct /				
a) Decrease in Trade Payable	45,71,471		20,67,440	
Add :				
b) Increase in Loans & Advances	(9,64,159)	36,07,312	21,38,288	42,05,728
		1,21,19,489		1,95,69,988
Add/(Less)				
a) Decrease in Trade & Other Receivables	18,99,317		(58,72,736)	
b) Decrease in Investment	54,587		0	
c) Increase in Current Liability	(13,03,813)		(60,64,519)	
d) Decrease in Inventories	(34,73,898)	(28,23,807)	2,02,92,112	83,54,857
Net cashflow from operating Activity [A]		92,95,682		2,79,24,845
B. Cash Flow arising from Investing Activities :				
Outflow on account of investing activity				
a) Acquisition of fixed assets	(6,22,209)		(13,18,620)	
Inflow on account of investing activity				
a) Sale of fixed assets	0	(6,22,209)	0	(13,18,620)
Net cashflow from investing Activity [B]		(6,22,209)		(13,18,620)
C. Cash Flow arising from Finance Activities :				
Inflow on account of Financing activity				
a) Interest Income	1,21,241		4,89,472	
b) Profit on sale of investment	20,99,303		0	
c) Dividend Income	27,05,375	49,25,919	18,11,982	23,01,454
Outflow on account of Financing activity				
a) Repayment - Loans (net)	(54,10,603)		(1,82,32,096)	
b) Dividend with tax paid	(28,19,944)		0	
c) Repayment - Interest on loan	(49,80,599)	(1,32,11,146)	(96,72,424)	(2,79,04,520)
Net cashflow from financing Activity [C]		(82,85,227)		(2,56,03,066)
Net increase in cash / cash equivalent [A + B + C]		3,88,245		10,03,160
Add : Balance at the beginning of the year		15,05,353		5,02,193
Cash / Cash equivalents at the close of the year		18,93,598		15,05,353
Notes to cash flow :				
(1) Components of cash flow :				
Cash - On - Hand		3,66,784		3,12,612
Demand deposits with bank (Bank balances)		15,26,815		11,92,741
		18,93,598		15,05,353

Place : Mumbai
Date : 31st October, 2007

C. V. Ramachandran
Director

S. V. Atre
Executive Director

A. C. Chandarana
Company Secretary

Auditor's Certificate

To,
The Board of Directors,
Garware Marine Industries Ltd.

We have examined the attached cash flow statement of **Garware Marine Industries Ltd.** for the year ended 30th June, 2007. The statement has been prepared by the Company in accordance with the requirements of clause 32 of the Listing Agreement with the Stock Exchanges and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report dated **31st October,2007** to the members of the Company.

As per our report attached

For RAMAN S. SHAH & ASSOCIATES
Chartered Accountants

Santosh A. Sankhe
Partner

Place : Mumbai
Date : 31st October, 2007

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.

1	8	4	8	1
---	---	---	---	---

 State Code

1	1
---	---

 (Refer Code List 1)

Balance Sheet Date

3	0
---	---

0	6
---	---

0	7
---	---

Date Month Year

II. Capital Raised during the period (Amount in Rs. Thousands)

Public Issue

			N	I	L
--	--	--	---	---	---

 Right Issue

			N	I	L
--	--	--	---	---	---

Bonus Issue

			N	I	L
--	--	--	---	---	---

 Private Placement

			N	I	L
--	--	--	---	---	---

III. Position of Mobilisation & Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

1	1	9	3	6	4
---	---	---	---	---	---

 Total Assets

1	1	9	3	6	4
---	---	---	---	---	---

Sources of Funds

Paid-up Capital

	4	9	4	6	2
--	---	---	---	---	---

 Reserves & Surplus

	2	9	5	6	3
--	---	---	---	---	---

Secured Loans

	3	3	1	7	0
--	---	---	---	---	---

 Unsecured Loans

		7	1	6	9
--	--	---	---	---	---

Application of Funds

Net Fixed Assets

	2	4	4	8	3
--	---	---	---	---	---

 Investment

		9	0	8	1
--	--	---	---	---	---

Net Current Assets

	6	3	1	0	4
--	---	---	---	---	---

 Misc. Expenditure

				7	5
--	--	--	--	---	---

Accumulated Losses

	2	1	7	2	9
--	---	---	---	---	---

IV. Performance of Company (Amounts Rs. In Thousands)

Turnover

1	2	8	1	9	2
---	---	---	---	---	---

 Total Expenditure

1	2	0	3	4	1
---	---	---	---	---	---

Profit / Loss Before Tax

		7	8	5	1
--	--	---	---	---	---

 Profit After Tax

		6	6	7	4
--	--	---	---	---	---

(Please tick Appropriate box + for Profit - for Loss)

Earnings per share in Rs.

		1	.	3	5
--	--	---	---	---	---

 Dividend Rate %

5	%
---	---

V. Generic Name of Principal Products/Services of Company (as per monetary terms)

Item Code No.(ITC code)

5	6	0	8	0	0
---	---	---	---	---	---

Product Description

F	I	S	H	I	N	G		N	E	T	S
---	---	---	---	---	---	---	--	---	---	---	---



ATTENDANCE SLIP

GARWARE MARINE INDUSTRIES LIMITED

Registered Office : Chandermukhi, Nariman Point, Mumbai - 400 021

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE AUDITORIUM. Joint Shareholders may obtain additional attendance slips at the entrance.

Regd. Folio No. / Client ID No.
Name of the Member/Proxy (in Block Letters)
No. of Shares held

I hereby record my/our presence at the 29th ANNUAL GENERAL MEETING at "Garware Sabhagriha", F.P.H. Building, Lala Lajpatrai Marg, Mumbai 400 034 on Monday, 31st December, 2007 at 9.30 a.m.

SIGNATURE OF THE MEMBER/PROXY

(TEAR HERE)



PROXY FORM

GARWARE MARINE INDUSTRIES LIMITED

Registered Office : Chandermukhi, Nariman Point, Mumbai - 400 021

I/We _____
of _____ in the District of _____ being
a Member/Members of GARWARE MARINE INDUSTRIES LIMITED hereby appoint _____
of _____ in the District of _____
or failing him/her _____
of _____ in the District of _____
or failing him/her _____
of _____ in the District of _____

as my/our Proxy to attend and vote for me/us on my/our behalf at the 29th ANNUAL GENERAL MEETING of the Company to be held on Monday, 31st December, 2007 and at any adjournment thereof.

Signed this _____ day of _____ 2007

Regd. Folio No. / Client ID No. _____ NO. of SHARES _____

Signed by the said _____

Note : The proxy must be deposited at the Registered Office of the Company at Chandermukhi, Nariman Point, Mumbai 400 021, not less than 48 hours before the time of holding the Meeting.

Affix
One Rupee
Revenue
Stamp

PROXY NO.

BOOK - POST

To,



If undelivered please return to :
GARWARE MARINE INDUSTRIES LIMITED
Chandermukhi,
Nariman Point, Mumbai - 400 021.

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