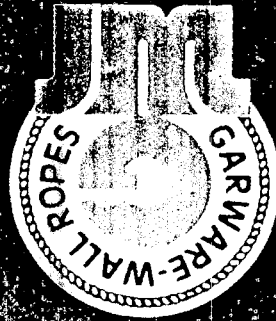


GARWARE-WALL ROPES LIMITED



Annual Report 1996-97







20TH ANNUAL REPORT 1996-97

FOUNDER CHAIRMAN

LATE SHRI B. D. GARWARE

BOARD OF DIRECTORS

R.B. GARWARE

(Chairman)

(Smt.) V. B. GARWARE

S. M. KUVELKER

(Vice-Chairman)

Dr. V. B. LELE

S. N. TALWAR

(Alternate to Dr. V. B. LELE)

M. A. BAKRE

P. M. CHANDRACHUD

D. N. ACHAR

(Nominee of I.C.I.C.I.)

R. M. TELANG

(Wholetime Technical Director)

V. R. GARWARE

(Wholetime Director)

MD	✓		BKC	✓
CS	✓		DPY	MA
RO	✓		DIV	✓
TRA	✓		AC	✓
ACM	✓	✓	SHI	✓
VE	✓	✓		

COMPANY SECRETARY

S. B. MARULKAR

REGISTERED OFFICE

Plot No.11,

Block D-1,

MIDC, Chinchwad,

Pune - 411 019.

WORKS

Plot No. 11,

Block D-1,

MIDC, Chinchwad,

Pune - 411 019.

Plot No. C-1,

MIDC, Wai-412 803,

Dist. Satara,

Maharashtra.

FOREIGN BRANCH

P.O. Box : 3081, Ajman,

United Arab Emirates

MUMBAI OFFICE

Chowpatty Chambers,

Sandhurst Bridge,

Mumbai - 400 007.



GARWARE-WALL ROPES LTD.

BANKERS

Bank of India
Bank of Baroda
Bank of Maharashtra
Banque Nationale De Paris
American Express Bank Ltd.

AUDITORS

Narkar & Associates
Chartered Accountants,

SOLICITORS AND ADVOCATES

Crawford Bayley & Co.

TRANSFER AGENTS

MCS Ltd.
116/118, Akshay Complex,
Off Dhole Patil Road,
Near Ganesh Mandir,
Pune - 411 001.
(Phone / Fax : 0212-629597)

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NOTICE

Notice is hereby given that the TWENTIETH ANNUAL GENERAL MEETING of GARWARE-WALL ROPES LIMITED will be held on Friday, the 26th September, 1997 at 11.00 a.m. at Pimpri Chinchwad Corporation Auditorium. Opp. TELCO. Chinchwad, Pune: 411033, to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended 31st March, 1997, the Balance Sheet as at that date together with the Reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. R.B. Garware, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Smt. V.B. Garware, who retires by rotation and being eligible, offers herself for reappointment.
5. To appoint a Director in place of Mr. P.M. Chandrachud, who retires by rotation and being eligible, offers himself for reappointment.
6. To consider, and if thought fit, to pass, with or without modification, as an Ordinary Resolution or as a Special Resolution, as the case may be, the following :

“RESOLVED THAT, M/s. Narkar & Associates, Chartered Accountants, Mumbai, be and they are hereby appointed as Auditors of the Company from conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting.”

“RESOLVED FURTHER THAT, the Board of Directors be and it is hereby authorised to fix the remuneration payable to M/s. Narkar & Associates, as Auditors”.

7. To consider, and if thought fit, to pass, with or without modification, as an Ordinary Resolution or as a Special Resolution, as the case may be, the following :

“RESOLVED THAT approval of the Company be and it is hereby accorded to the appointment of M/s. BDO Patel & Co., Chartered Accountants, Dubai, UAE, as Branch Auditors of the Company for conducting the audit of the Trading Branch of the Company at Ajman, UAE -

(i) for the period from 2nd January, 1997 to 31st March, 1997 on a remuneration of Dirhams 3,000; and

(ii) for the financial year 1997-98, on a remuneration to be decided by the Board of Directors of the Company in consultation with the Statutory Auditors of the Company.”

SPECIAL BUSINESS

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

“RESOLVED THAT approval of the Company be and it is hereby accorded to the appointment of Mr. V.R. Garware, as Wholetime Director of the Company as per the terms and conditions set out in Agreement dated 10th Dec., 1996 entered into between the Company and Mr. V.R. Garware.”

9. To consider, and if thought fit, to pass, with or without modification, as an Ordinary Resolution the following :

“RESOLVED THAT pursuant to Section 293(1)(a) and all other applicable provisions, if any, of the Companies Act, 1956, and also in accordance with the Ordinary Resolution passed by the members of the Company at the 19th Annual General Meeting held on 27th September, 1996, the members of the Company do hereby approve and ratify mortgaging and charging of all



GARWARE-WALL ROPES LTD.

moveable and immoveable properties of the Company, present and future, by the Board of Directors of the Company ("the Board"), in favour of the following financial institutions/ banks as security for the repayments of the Debentures/ Term Loans/ Working Capital Facilities granted by them, together with interest at the agreed rates; compound interest, additional interest, commitment charges, premia on prepayment or on redemption, costs, charges and all other moneys payable by the Company in terms of the respective Loan Agreement/s, Heads of Agreement/s, Letters of Sanction/s, Memoranda of Terms and Conditions entered into by the Company.

PART A

(Term Loans/Debentures)

Sr. No.	Names of Financial Institutions/Banks	Sanctioned Amount of Term Loans/Debentures
1.	Industrial Credit & Investment Corporation of India Ltd in its capacity as Trustees for the holders of 14% Secured Redeemable Non-Convertible Debentures privately placed with Unit Trust of India and Life Insurance Corporation of India	Rs. 125 lacs
2.	Export-Import Bank of India	(i) Rs. 600 lacs (ii) Rs. 1,000 lacs
3.	Bank of India	(i) Rs. 190 lacs (ii) Rs. 900 lacs

PART B

(Working Capital Facilities from the Consortium Bankers)

Sr. No.	Name of Bank	Working Capital Facility
1.	Bank of India	Rs. 2,720 lacs
2.	Bank of Baroda	Rs. 2,215 lacs
3.	Bank of Maharashtra	Rs. 950 lacs
4.	Banque Nationale de Paris	Rs. 410 lacs
5.	American Express Bank Ltd	Rs. 820 lacs."

"RESOLVED FURTHER THAT the mortgage/ charges created and/ or all Agreements/ Documents executed and all acts, deeds done in terms of above resolution by and with the authority of the Board of Directors be and are hereby confirmed and ratified."

By Order of the Board

Mumbai
14th June, 1997

S. B. Marulkar
Company Secretary

Registered Office:

Garware-Wall Ropes Limited,
Plot No. 11, Block D-1, MIDC,
Chinchwad, Pune : 411 019.



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NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND TO VOTE ONLY ON A POLL INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument appointing proxy should be deposited at the Registered Office not less than forty-eight hours before the time fixed for the Meeting.
3. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, relating to Item Nos. 6, 7, 8 and 9 is annexed hereto.
4. Members are requested to notify immediately any change in their addresses to the Company/ Transfer Agents, quoting Folio No. and giving complete address in block capitals with pin code of the postal district.
5. Members/Proxies should bring their Attendance Slips duly filled in for attending the meeting.
6. The Register of Members and Share Transfer Books will remain closed from Tuesday, the 16th September, 1997 to Friday, the 26th September, 1997 (both days inclusive) for the purpose of payment of dividend.
7. Dividend for the year 1995-96 of the shareholders who have not paid the allotment and / or call money on the Rights Shares as per the records of the Company has been withheld and may be lawfully adjusted as per the provisions of the Companies Act, 1956 and the Memorandum and Articles of Association of the Company.
8. Subject to the provisions of Section 205 and 206A of the Companies Act, 1956, dividend on the shares as recommended by the Board of Directors, if declared at the meeting, will be payable to those Members (or their mandate/s) whose names appear in the Register of Members as on 26th September, 1997. However, dividend of those shareholders, who have not paid allotment and/or call money on the Rights shares as per the records of the Company will be withheld and may be lawfully adjusted as per the provisions of the Companies Act, 1956 and the Memorandum & Articles of Association of the Company.
9. The Company has already transferred unclaimed dividend declared upto the financial year ended 31st March, 1993 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978. Those Shareholders who have so far not claimed or collected their dividend upto the aforesaid financial year may claim their dividend from the Registrar of the Companies - Maharashtra, Hakoba Compound, 2nd Floor, Kala Chowki, Mumbai : 400 033.

The unclaimed dividend for the year ended 31st March, 1994 is due for transfer on 17th August, 1997 to the General Revenue Account of the Central Government.

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

Item 6 & 7

The business of reappointment of Statutory Auditors / appointment of Branch Auditors is of ordinary nature and hence, as per the provisions of the Companies Act, 1956, does not require an explanatory statement. However, in order to explain the facts to our Shareholders, the following explanatory statement is given :

Section 224A(1) of the Companies Act, 1956, provides that in the case of a Company in which not less than 25% of the subscribed share capital is held, whether singly, or in any combination, by a public financial institution or other specified entities (collectively referred to "these entities"), the appointment or reappointment at each Annual General Meeting of the auditors, shall be done by a special resolution. Further, the shareholding of these entities is to be ascertained as on the date of the Annual General Meeting.

As on 14th June, 1997, at the time of approval of notice of the 20th Annual General Meeting, the shareholding in the Company of these entities was around 25%. Hence, considering this, the resolution is proposed in both formats, ordinary and special, and the



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members are requested to pass the same depending upon the shareholding of these entities as on the date of the Annual General Meeting.

M/s Narkar & Associates, Chartered Accountants, Statutory Auditors of the Company, have conveyed their eligibility for the reappointment.

The Company opened a Trading Branch of the Company at Ajman, UAE after obtaining the requisite permission from Reserve Bank of India (RBI) therefor, vide RBI's final approval letter dated 14th January, 1997. The terms of RBI's approval, inter alia, require that the transactions of the branch should be audited by Government recognised auditors in the country concerned.

The Ajman Trading Branch of the Company commenced its operations on 2nd January, 1997 and the Board of Directors of the Company has, at its meeting held on 29th March, 1997, appointed, subject to the approval of the Shareholders of the Company, M/s. BDO Patel & Co., Chartered Accountants, Dubai, UAE, as Auditors for the Company's Ajman Branch for the period 2nd January, 1997 to 31st March, 1997. The members are requested to approve the same.

Similarly, the Branch auditors for the financial year 1997-98 are also required to be appointed by the members of the Company. The Board proposes that M/s. BDO Patel & Co., Chartered Accountants, Dubai, UAE be appointed the Branch Auditors for the said financial year on a remuneration to be mutually decided. The arrangement will be finalised in consultation with the Statutory Auditors of the Company. The members are requested to approve the same.

The resolutions are recommended for your approval. None of the Directors of the Company is concerned or interested in these resolutions.

A copy of the RBI's final approval letter dated 14th January, 1997 is open for inspection at the Registered Office of the Company between 10.00 a.m. and 12.00 noon on all working days except Sundays till the date of the Annual General Meeting.

Item 8

Mr. V.R. Garware was appointed Wholtime Director of the Company without Central Government's approval as per the terms and conditions of Schedule XIII of the Companies Act, 1956 ("the Act"), as amended by the Notification No. 418(E) dated 12th September, 1996. The said notification relaxes the age criteria for the managerial persons, provided the appointment of such managerial persons is approved by the Members of the Company by way of a special resolution passed at a general meeting. Accordingly, at the meeting of the Board of Directors of the Company held on 29th November, 1996, Mr. V.R. Garware was appointed as Wholtime Director of the Company for a period of 5 years from 1st December, 1996 subject to the approval of the members and the Board had, accordingly, entered into an agreement with Mr. V.R. Garware on 10th December, 1996.

An abstract of the terms and conditions of the agreement, which was circulated amongst members of the Company vide Company's communication dated 12th December, 1996, pursuant to Section 302 of the Act, is reproduced hereunder :

- I. Mr. V.R. Garware will be looking after the Finance, Accounts, Costing, Export and Commercial activities of the Company in addition to any other duties as may be entrusted to him by the Board of Directors.
- II. Period of Agreement: 5 years with effect from 1st December, 1996.
- III. Mr. V.R. Garware is entitled to remuneration, on non-repatriation basis, as set out in the Agreement dated 10th December, 1996. The said remuneration is governed by the provisions contained in Section I of Part I of the Schedule XIII to the Act. If the profits of the Company are inadequate or there are no profits in any financial year during the tenure of the Wholtime Director, the said remuneration shall be payable subject to the limits and provisions as to computation contained in the Section II of Part II of the Schedule XIII to the Act. The details are as under :

- a) Basic Salary of Rs. 30,491/- per month.

The annual increment will be decided by the Board or its sub committee which shall be 6% of the basic salary within the limits set out in Schedule XIII or other applicable provisions of the Act.

- b) House Rent Allowance

The expenditure incurred by the Company on hiring an unfurnished accommodation will be paid subject to a ceiling of 60% of the salary, over and above 10% payable by the Wholtime Director. In case no accommodation is provided, House Rent Allowance of Rs. 3,200/- per month will be paid. The Board may increase the House Rent Allowance payable subject to ceiling in above paragraph.



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- c) Special Allowance of Rs. 4,000/- per month.
 - d) Educational Allowance of Rs. 350/- per month.
 - e) Medical Reimbursement
Expenditure incurred on self and family, subject to ceiling of one month's basic salary in a year or three months salary over a period of three years.
 - f) Leave Travel Concession
Leave Travel Concession benefit to the extent of Rs. 22,000/- per annum for himself and his family as per the rules specified by the Company.
 - g) Bonus
Bonus as per Rules of the Company introduced for the benefits of Senior Executives of the Company.
 - h) Contribution to Provident Fund and Family Provident Fund
In accordance with the Company's rules in force, the contribution to the Provident Fund and Family Provident Fund will be @ 10% of basic salary.
 - i) Contribution to Superannuation Fund
The Company's contribution will be 15% of basic salary, as per the rules of the Company and the Superannuation Scheme introduced for the benefits of senior executives of the Company.
 - j) Gratuity
Gratuity as per the rules of the Company, but not exceeding half a month's salary for each completed year of service subject to a ceiling of Rs. 1,00,000/-.
 - k) Car and Telephone
A car for the use of Company's business and telephone at residence will be provided, which will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company on furnishing the details of the same by the Wholetime Director.

In addition to this, certain expenses like Books and Periodicals for official purposes, incidental, upkeep, etc., subject to the maximum of Rs. 3,600/- per month will be reimbursed to the Wholetime Director as per the rules applicable to the Senior Executives of the Company.
- IV The Wholetime Director shall not, during the continuance of his Agreement without previous written consent of the Chairman/ Vice Chairman/ Board and the Central Government wherever necessary,
- (a) become interested or otherwise concerned directly or indirectly in any agency of the Company.
 - (b) engage or interest himself directly or indirectly in similar or competing business.
 - (c) divulge or disclose any of the Company's secrets or confidential information.
- V The Wholetime Director, upon ceasing to be in the employment of the Company, shall
- (a) not for a period of 3 years engage in similar or competing business.
 - (b) return any property of the Company in his possession or under his control.
- VI The Agreement may be terminated
- (a) by either party by giving to the other 180 days notice in writing, or
 - (b) in the event of the Wholetime Director being guilty of misconduct or gross negligence in the discharge of his duties.


GARWARE-WALL ROPES LTD.

The members are therefore requested to approve the appointment and other terms and conditions of the agreement of Mr. V.R. Garware as Wholetime Director of the Company.

Mr. V.R. Garware, himself being the appointee, as well as Mr. R.B. Garware, Chairman and Smt. V.B. Garware, Director being relations of Mr. V.R. Garware are concerned or interested in the resolution.

Mr. P.M. Chandrachud, Director, being relation of Mr. R.B. Garware, Chairman and Smt. V.B. Garware, Director may also be deemed to be concerned or interested in the resolution.

A copy of the agreement dated 10th December, 1996, entered into with Mr. V.R. Garware is open for inspection at the Registered Office of the Company between 10.00 a.m. and 12.00 noon on all working days except Sundays till the date of the Annual General Meeting.

Item 9

At the Annual General Meeting held on 27th September, 1996, the members of the Company have authorised the Board of Directors of the Company ("the Board") to mortgage and/ or charge, on such terms and conditions as the Board may deem fit, all or any part of the moveable and/or immoveable properties of the Company, present and future, in favour of one or more banks/ financial institutions or others for securing term loans, debentures, or other financial assistance obtained, upto a sum not exceeding Rs. 150 crores.

Accordingly, the Board has completed the mortgage/charge formalities for the financial assistance obtained from the Financial Institutions and the Consortium Bankers.

The resolution passed by the members at the Annual General Meeting held on 27th September, 1996, referred to above, is sufficient, in view of the Board, for the mortgage and/or charge created by the Company as above. However, as the said resolution was of general nature, the financial institutions and banks have requested for a specific resolution in this behalf. Hence, the resolution.

The resolution is recommended for your approval. None of the Directors of the Company is concerned or interested in the resolution.

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By Order of the Board

Mumbai
14th June, 1997

S. B. Marulkar
Company Secretary

Registered Office:

Garware-Wall Ropes Limited,
Plot No. 11, Block D-1, MIDC,
Chinchwad,
Pune : 411 019.