

22nd Annual Report 1998-99



GARWARE-WALL ROPES LIMITED



GARWARE-WALL ROPES LIMITED

FOUNDER CHAIRMAN

LATE SHRI B. D. GARWARE

BOARD OF DIRECTORS

R. B. GARWARE
Chairman
S. M. KUVELKER
Vice-Chairman
Dr. V. B. LELE
S. N. TALWAR
Alternate to Dr. V. B. LELE
M. A. BAKRE
R. M. TELANG
Wholetime Technical Director
V. R. GARWARE
Wholetime Director

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.

MUMBAI OFFICE

Chowpatty Chambers,
Sandhurst Bridge,
Mumbai - 400 007.



GARWARE-WALL ROPES LIMITED

FOREIGN BRANCHES

P.O. Box: 3081, Ajman,
United Arab Emirates

P.O. Box : 1833,
137 North Main Street,
Davidson, N C 28036
U.S.A.

BANKERS

Bank of India
Bank of Baroda
Bank of Maharashtra
ABN AMRO Bank N.V.

AUDITORS

Narkar & Associates
Chartered Accountants

SOLICITORS AND ADVOCATES

M/s. Crawford Bayley & Co.

TRANSFER AGENTS

MCS Ltd.
116/118, Akshay Complex,
Off Dhole Patil Road,
Near Ganesh Mandir,
Pune - 411 001.
(Phone / Fax : 020-629597)



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NOTICE

Notice is hereby given that the TWENTY-SECOND ANNUAL GENERAL MEETING of the Company will be held on Saturday, 28th August, 1999 at 11.00 a.m. at Pimpri Chinchwad Corporation Auditorium, Opp. TELCO, Chinchwad, Pune - 411 033, to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at and Profit and Loss Account for the year ended 31st March, 1999, together with the Reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. M.A. Bakre, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. V.R. Garware, who retires by rotation and being eligible, offers himself for reappointment.
5. To consider, and if thought fit, to pass, with or without modification(s), 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 are hereby reappointed 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”.

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

“RESOLVED THAT M/s. BDO Patel & Co., Chartered Accountants, Dubai, UAE, be and are hereby reappointed as Branch Auditors of the Company from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting, to audit the books of account of Trading Branch of the Company at Ajman, UAE.”

“RESOLVED FURTHER THAT the Board of Directors be and it is hereby authorised to fix the remuneration payable to M/s. BDO Patel & Co., Chartered Accountants as Branch Auditors in consultation with M/s. Narkar & Associates, Statutory Auditors.”

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

“RESOLVED THAT pursuant to the provisions of Section 228 and other applicable provisions, if any, of the Companies Act, 1956, the Board of Directors of the Company be and it is hereby authorised to appoint, in consultation with M/s. Narkar & Associates, the Statutory Auditors of the Company, any suitable person, possessing the requisite qualification/s, as Branch Auditors, to audit the books of account of the Trading Branch of the Company at North Carolina, USA, till conclusion of the next Annual General Meeting of the Company.”

“RESOLVED FURTHER THAT the Board of Directors be and it is hereby authorised to fix the remuneration payable to the Branch Auditors so appointed in consultation with M/s. Narkar & Associates, Statutory Auditors.”



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SPECIAL BUSINESS

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

“RESOLVED THAT pursuant to the provisions of Sections 198 and 269 read with Schedule XIII to the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 and any other legislation, approval of the Company be and it is hereby accorded to the reappointment of Mr. R.M. Telang, as a Wholetime Technical Director of the Company for a period of 10 months from 1st July, 1999 to 30th April, 2000 and payment of remuneration to him as per the terms and conditions set out in the Agreement dated 1st June, 1999 entered into between the Company and Mr. R.M. Telang.”

By Order of the Board of Directors,

Pune,
30th June, 1999

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 INSTEAD OF HIMSELF ONLY ON A POLL AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The proxy form should be deposited at the Registered Office not less than fortyeight hours before the time fixed for the Meeting. Members/Proxies should bring their Attendance Slips duly filled in for attending the meeting.
3. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, relating to Items Nos. 5 to 8 of the notice is annexed hereto.
4. The Equity Shares of the Company have been admitted to the National Securities Depository Limited (NSDL) for dematerialisation. The Members may take benefit of this facility.
5. 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. The Beneficial Owners of the dematerialised shares may inform this to the concerned Depository Participant.
6. The Register of Members and Share Transfer Books will remain closed from Tuesday, 17th August, 1999 to Saturday, 28th August, 1999 (both days inclusive) for the purpose of payment of dividend.
7. Subject to the provisions of Sections 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 28th August, 1999. In case of dematerialised shares the dividend will be payable to the Beneficial Owners of the shares of the Company which are held by National Securities Depository Limited (NSDL) as on 16th August, 1999, as per the list to be submitted by NSDL.
8. The Company has already transferred unclaimed dividend declared upto the financial year ended 31st March, 1994 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 Members who have so far not claimed or collected their dividend upto the aforesaid financial year may claim their dividend from the Office of the Registrar of Companies, Pune, PMT Commercial Building, 3rd Floor, Deccan Gymkhana, Pune - 411 004.

As per the recent amendment to the Companies Act, 1956 the dividends for the years 1994-95, 1995-96, 1996-97 and 1997-98 which would remain unclaimed for a period of seven years, will be transferred to a specific fund viz. 'Investor Education and Protection Fund' within a specified time period.

**EXPLANATORY STATEMENT**

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

Items 5, 6 & 7

The business of reappointment of Statutory Auditors and Branch Auditors is an ordinary business and as per the provisions of the Companies Act, 1956 it does not require an explanatory statement. However, for the information of the Members, 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 (hereinafter collectively referred to as "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 Annual General Meeting.

As on 28th May, 1999, when the Board of Directors considered the notice of the 22nd Annual General Meeting, the shareholding in the Company of these entities was around 26.07%. Hence, considering this, the resolutions are proposed in both formats, Ordinary and Special, and the Members are requested to pass the same depending upon the shareholding of these entities as on the date of Annual General Meeting.

It is proposed to reappoint M/s. Narkar & Associates, Chartered Accountants, as the Statutory Auditors of the Company, who have conveyed their eligibility for the reappointment.

The books of account of the Ajman, UAE branch are required to be audited by Government recognised auditors in the country concerned, as per the Reserve Bank of India approval dated 14th January, 1997. The Board proposes to reappoint M/s. BDO Patel & Co., Chartered Accountants, Dubai, UAE as the Ajman Branch Auditors on a remuneration to be mutually decided, in consultation with the Statutory Auditors of the Company.

Further, as the Members are aware, the Company had opened its Non-Trading Branch Office at North Carolina, USA. During the year, the Company has converted the said Non-Trading Branch into a Trading Branch vide Bank of India's approval dated 25th July, 1998. As per the provisions of the Companies Act, 1956, the books of account at a branch can be audited by an independent Branch Auditor, competent to be appointed as the Auditor.

Pursuant to the provisions of Section 228 of the Companies Act, 1956 the members of a company can either appoint a Branch Auditor or authorise the Board of Directors to appoint a suitable person as the Branch Auditor in consultation with the Statutory Auditors of the Company. Your Directors propose to appoint, in consultation with M/s. Narkar & Associates, the Statutory Auditors of the Company, a suitable person having requisite qualification/s as the Branch Auditor for the USA Branch.

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

Copies of RBI's letter dated 14th January, 1997 and Bank of India's letter dated 25th July, 1998 are 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 Annual General Meeting.

Item 8

Mr. R.M. Telang was reappointed as a Wholetime Technical Director of the Company for a period of five years with effect from 1st July, 1994, vide Agreement dated 21st May, 1994. Accordingly, the appointment of Mr. Telang as a Wholetime Technical Director is valid upto 30th June, 1999.

Mr. Telang would be attaining 58 years of age in April, 2000 and has expressed his desire to retire for personal reasons, although, it would be permissible under the relevant provisions of the Companies Act, 1956 for Mr. Telang to continue as a Wholetime Technical



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Director of the Company upto his attaining 70 years of age. Mr. Telang has also expressed his willingness to continue to be on the Board of Directors of the Company and therefore the Company would continue to benefit from the expertise of Mr. Telang.

The Board of Directors of the Company, at its meeting held on 28th May, 1999, reappointed Mr. R.M. Telang as Wholetime Technical Director for a further period of 10 months with effect from 1st July, 1999 to 30th April, 2000 and accordingly agreement dated 1st June, 1999 was executed between the Company and Mr. Telang.

The important terms and conditions of the agreement dated 1st June, 1999, are reproduced hereunder :

- I) Mr. Telang would continue to look after the Technical and Research & Development work.
- II) Period of Agreement : 10 months i.e. from 1st July, 1999 to 30th April, 2000.
- III) The remuneration and perquisites payable to Mr. Telang with effect from 1st April, 1999 are as under :

- a) Basic Salary of Rs. 28,090/- per month.
- 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 Wholetime 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 this paragraph.

- c) Special Allowance of Rs. 4,300/- per month.
- d) Educational Allowance of Rs. 350/- per month.
- e) Medical Reimbursement :

Expenditure incurred on self and family, subject to a 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 the rules of the Company introduced for the benefit of Senior Executives of the Company.

- h) Contribution to Provident Fund, Family Pension Fund and Superannuation Fund :

In accordance with Company's rules in force, the contribution to the Provident Fund and Family Pension Fund will be @12% of basic salary and the Company's contribution to Superannuation Fund will be @13% of basic salary, as per the rules of the Company and the Superannuation Scheme introduced for the benefit of Senior Executives of the Company.

- i) Gratuity :

Gratuity as per the rules of the Company, but not exceeding half a month's salary for each completed year of service.

- j) Car and Telephone :

A car for use for 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.



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k) Club Fees :

Subject to a maximum of two clubs. This will not include admission and life membership fees.

l) Personal Accident Insurance - Premium not to exceed Rs. 1,000/- per annum.

m) Encashment of leave - Encashment of leave as per the rules of the Company.

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 Mr. R.M. Telang as per the rules applicable to the Senior Executives of the Company.

IV) Mr. Telang shall not, during the continuance of Agreement, without previous written consent of the Chairman/Vice Chairman/ Board

- 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) Mr. Telang, 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 Mr. Telang being guilty of misconduct or gross negligence in the discharge of his duties.

The payment of remuneration to Mr. R.M. Telang is governed by the provisions of Section I or II (as the case may be) of Part II of Schedule XIII to the Companies Act, 1956.

The Members are requested to approve the reappointment of Mr. R.M. Telang on the terms and conditions of the agreement dated 1st June, 1999 entered with Mr. R.M. Telang. The terms and conditions as set out above should also be treated as an abstract and memorandum of interest under Section 302 of the Companies Act, 1956.

No other Director, except Mr. R.M. Telang is concerned or interested in the resolution.

A copy of Agreement dated 1st June, 1999 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 Annual General Meeting.

By Order of the Board of Directors,

Pune,
30th June, 1999

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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DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 1999

TO THE MEMBERS,

Your Directors have pleasure in presenting the Twenty-second Annual Report and Audited Accounts of the Company for the year ended 31st March, 1999.

WORKING RESULTS :

	(Rupees in lacs)	
	1998-99	1997-98
	Rupees	Rupees
Profit subject to Depreciation & Taxation	1,626.12	1,432.46
Less : Depreciation, net of transfer from Revaluation Reserve	870.21	768.36
Profit Before Tax	755.91	664.10
Less : Provision for Taxation	80.00	98.77
Profit After Tax	675.91	565.33
Add : i) Profit brought forward from the Previous Year	677.89	793.35
ii) Transfer from Debenture Redemption Reserve	41.50	42.00
Less: Prior Years Tax Adjustments	—	266.59
Amount available for appropriation	1,395.30	1,134.09
APPROPRIATIONS		
Debenture Redemption Reserve	—	17.90
Proposed Dividend	391.72	359.36
Tax on Proposed Dividend	43.09	35.94
General Reserve	51.00	43.00
	485.81	456.20
Balance in Profit & Loss Account	909.49	677.89
	1,395.30	1,134.09

1998-99 - A YEAR OF CONSOLIDATION :

Your Directors are pleased to inform you that during the year, the Company has been able to consolidate and strengthen its position in terms of both profitability and market share. The Company has earned a profit before tax of Rs. 7.56 crores as compared to Rs. 6.64 crores for the previous year.

In the domestic market, the Company's concerted efforts in reaching out to the end-users have not only resulted in the improvement of market share, but also enhanced the brand equity enjoyed by the Company's products. The domestic sales volume has increased during the year from 7,672 tons to 8,164 tons.

On the exports front, the Company successfully overcame the threats of Asian Currency Crisis and recessionary trends by registering an impressive growth of about 22%, from 4,844 tons to 5,920 tons. This could be achieved by the excellent quality of the products of the Company and its widespread customer base across the globe.