

23rd Annual Report 1999-2000

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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
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 : 1833,
432 South Main Street,
Suit 202, Davidson, N C 28036
U.S.A.

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

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 : 020-6129597)



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NOTICE

Notice is hereby given that the TWENTY-THIRD ANNUAL GENERAL MEETING of the Company will be held on Friday, 29th September, 2000 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, 2000, together with the Reports of the Directors and Auditors thereon.
2. To note the payment of interim dividend and to declare the same as final dividend for the year 1999-2000.
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 Mr. R.M. Telang, 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.”

SPECIAL BUSINESS

7. 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, 269, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and other Acts, if any, the approval of the Company be and it is hereby accorded to the increase in remuneration of Mr. V.R. Garware, Wholetime Director as set out in the Second Supplementary Agreement dated 8th June, 2000 entered into between the Company and Mr. V.R. Garware.”

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

“RESOLVED THAT pursuant to the provisions of Section 17 of the Companies Act, 1956, the Objects Clause III (C) of Memorandum of Association of the Company be altered by adding the following new clause as Clause 36 :

36. *To manufacture, buy, sell, exchange, alter, improve, manipulate, prepare for market, install, trade in and provide technical consultancy or solutions in all kinds of geosynthetic products and systems like geogrid, geonet, geotextile whether woven or*



GARWARE-WALL ROPES LIMITED

non woven, geomembrane, geocomposite and its accessories like splits bolts, anco drain, rock bolts, segmented wall blocks and all the other accessories and to carry out incidental infrastructure related constructions and activities including manufacture and sale of mechanised trolleys for operating on railway tracks."

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

"RESOLVED THAT pursuant to the provisions of Section 149(2A) of the Companies Act, 1956, the approval be and it is hereby accorded to the Company to commence and carry on the business as stated in Clause 36 in the Objects Clause of Memorandum of Association of the Company."

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

"RESOLVED THAT pursuant to the provisions of Section 31 of the Companies Act, 1956, the approval be and it is hereby accorded to delete Article 123(3) contained in the Articles of Association of the Company and to incorporate the following new article as Article 123(3) :

The fee payable to a Director (other than Managing/Wholetime Director/s) for attending a meeting of the Board or Committee thereof shall be such sum as may be determined by the Board of Directors within the limits as prescribed by the Central Government from time to time."

By Order of the Board of Directors,

Pune
25th June, 2000

Registered Office :

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

S. B. Marulkar
Company Secretary &
General Manager - Commercial

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**23RD ANNUAL REPORT 1999-2000****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 forty-eight 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 No. 5 to 10 of the notice 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. The Beneficial Owners of the dematerialised shares may inform this to the concerned Depository Participant.
- 5) The Register of Members and Share Transfer Books were closed from Thursday, 27th April, 2000 to Tuesday, 2nd May, 2000 (both days inclusive) for the purpose of payment of interim dividend. Since the Board of Directors recommended that the interim dividend be declared as final dividend for the year 1999-2000, further book closure is not warranted.
- 6) 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 411004.

As per the provisions of the Companies Act, 1956, dividends for the years 1994-95, 1995-96, 1996-97, 1997-98 and 1998-99 which would remain unclaimed for a period of seven years, will be transferred to the Investor Education and Protection Fund within the specified time period.



GARWARE-WALL ROPES LIMITED

EXPLANATORY STATEMENT

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

Items 5 & 6

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 25th June, 2000, when the notice of the 23rd Annual General Meeting was finalised, the shareholding in the Company of these entities was around 23.87%. 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 Statutory Auditors of the Company, who have conveyed their eligibility for the reappointment.

Further, 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.

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

A copy of RBI's 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 Annual General Meeting.

Item 7

Mr. V.R. Garware was appointed a Wholtime Director of the Company for a period of 5 years with effect from 1st December, 1996, as per the terms and conditions contained in the Agreement dated 10th December, 1996 and his appointment and remuneration was approved by the Company at the Annual General Meeting held on 26th September, 1997. Further, the remuneration payable to Mr. V. R. Garware, (hereinafter referred to as "the Wholtime Director"), was increased as per the Supplementary Agreement dated 6th December, 1997, which was also approved by the Company at the Annual General Meeting held on 26th September, 1998.

The Board of Directors of the Company, at its meeting held on 7th June, 2000, revised the remuneration payable to the Wholtime Director as per the provisions of Section 269 read with Schedule XIII to the Companies Act, 1956, subject to the Members' approval and such other approval(s) as may be required in this behalf. The Company has, accordingly, entered into a Second Supplementary Agreement with the Wholtime Director on 8th June, 2000. Abstract of the terms and conditions of the said Second Supplementary Agreement, was circulated to the shareholders of the Company vide Company's communication dated 21st June, 2000.

Revised remuneration and perquisites payable to Mr. V.R. Garware, Wholtime Director on non-repatriation basis, with effect from 1st April, 2000 as per the said Second Supplementary Agreement are as under :

1. Salary : Basic Salary of Rs. 1,25,000/- per month.
2. Perquisites :
 - a) The Wholtime Director shall be entitled to perquisites of all types like free furnished accommodation or house rent in lieu thereof, servants at house, medical reimbursement, etc. The perquisites may be in the form of reimbursement or allowance but will be restricted to Rs. 5,00,000/- per annum. The aforesaid perquisites shall be evaluated as per income tax rules wherever applicable.



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- b) The Wholtime Director shall be entitled to the Company's contribution to Provident Fund, Family Pension Fund and Superannuation Fund upto the tax exempt limit, benefits of Gratuity as per the scheme for Senior Executives and earned leave and encashment of earned leave at the end of the tenure which shall not be included in computation of perquisites.
- c) A car with a driver for the use of Company's business and telephone and other communication facilities will be provided at the residence of the Wholtime Director, which will not be considered as perquisites. However, use of car for private purpose and personal long distance calls on telephone shall be billed by the Company to the Wholtime Director.

The revised remuneration of the Wholtime Director 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 other terms and conditions contained in the agreement dated 10th December, 1996 with the Wholtime Director remain unaltered. The shareholders are therefore requested to approve the increase in remuneration of Mr. V. R. Garware as per the terms and conditions of the Second Supplementary Agreement dated 8th June, 2000 entered into with the Wholtime Director.

Mr. V.R. Garware, the Wholtime Director, being the beneficiary himself, is concerned or interested in his revised remuneration. Further, Mr. R.B. Garware, Chairman being a relative of Mr. V.R. Garware may be deemed to be concerned or interested in this matter.

Copies of the Agreement dated 10th December, 1996, Supplementary Agreement dated 6th December, 1997 and Second Supplementary Agreement dated 8th June, 2000 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.

Items 8 & 9

The Company has identified Geosynthetics as a new product line which has good growth potential and it has synergy with the existing products of the Company. Geosynthetics has wide applications, especially in infrastructure projects, which is considered as one of the major thrust areas by the Government. Due to the Company's inherent strengths in synthetic ropes and netting technology as well as excellent tie-ups, the Company is in a position to provide a wide range of Geosynthetic products to suit the needs of its potential customers.

Considering this, it is proposed to alter Memorandum of Association of the Company by adding clause 36 relating to Geosynthetics in the 'Other' Objects. As per the provisions of Section 17 of the Companies Act, 1956, addition of any new clause in the Objects Clause of Memorandum of Association requires approval of shareholders. Further, as per the provisions of Section 149(2A) approval of shareholders is required also for commencing and carrying on any new business stated in 'Other' Objects of Memorandum of Association.

Carrying on the Geosynthetics business will add value to the wealth of shareholders in the years to come and accordingly Special Resolutions at Items 8 and 9 are recommended for your approval.

None of the Directors is interested in the resolutions.

Item 10

At present, the Directors of the Company (other than Managing/Wholtime Director/s) are entitled to receive sitting fee of Rs. 2,000 for a meeting of Board of Directors attended by them.

As per the provisions of Section 310 of the Companies Act, 1956 (the Act), sitting fee paid to a Director cannot exceed the limit prescribed for it. The present limit of Rs. 2,000 per meeting under Rule 10B of Companies (Central Government's) General Rules and Forms, 1956 has recently been enhanced by the Central Government to Rs. 5,000/- by amending Rule 10B vide Companies (Central Government's) General Rules and Forms Amendment Rules, 2000.

It is proposed to increase sitting fees paid to the Directors of the Company. However, Article 123(3) of the Articles of Association of the Company prescribes that sitting fee shall be Rs. 2,000 or such other sum as the Company in general meeting may from time to time prescribe.

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The existing Article 123(3) is therefore proposed to be replaced by a new Article 123(3). As per the provisions of Section 31 of the Act, alteration of Articles of Association requires approval of the shareholders and accordingly, the Special Resolution at Item 10 is recommended for your approval.

All the Directors (except Mr. V.R. Garware, being the Wholetime Director) are interested in the resolution.

By Order of the Board of Directors,

Pune
25th June, 2000

S. B. Marulkar
Company Secretary &
General Manager - Commercial

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, 2000

TO THE MEMBERS,

Your Directors have pleasure in presenting the Twenty-third Annual Report and Audited Accounts of the Company for the year ended 31st March, 2000.

WORKING RESULTS :

	(Rupees in lacs)	
	1999-2000	1998-1999
Profit subject to Depreciation & Taxation	1,571.90	1,626.12
Less : Depreciation, net of transfer from Revaluation Reserve	694.12	870.21
Profit Before Tax	877.78	755.91
Less : Provision for Taxation	90.00	80.00
Profit After Tax	787.78	675.91
Add : i) Profit brought forward from the Previous Year	909.49	677.89
ii) Transfer from Debenture Redemption Reserve	41.50	41.50
Amount available for appropriation	1,738.77	1,395.30
APPROPRIATIONS		
Interim Dividend	391.73	—
Tax on Interim Dividend	43.09	—
Final Dividend	—	391.72
Tax on Final Dividend	—	43.09
General Reserve	60.00	51.00
	494.82	485.81
Balance in Profit & Loss Account	1,243.95	909.49
	1,738.77	1,395.30

1999-2000 - THE YEAR IN RETROSPECT :

Your Directors are pleased to inform you that during the year, the Company has continued its growth on various fronts.

The overall performance of the Company in terms of sales as well as profitability improved during the year. The domestic sales turnover for the year increased to Rs.9,279.14 lacs from Rs.8,454.16 lacs for the previous year. The profit before tax has increased to Rs.877.78 lacs from Rs.755.91 lacs during the previous year, registering an increase of more than 16%. This could be achieved by laying emphasis on the growth of better value added products like webbings.

The Company continues to perform remarkably well on exports front despite cut-throat competition in international market and depreciation of 'Euro'. Your Company has achieved an exports turnover of Rs.4,801.62 lacs this year as compared to Rs.4,184.91 lacs for the previous year, a growth of more than 14%. The USA Trading Branch has significantly contributed to the increased exports, which, in effect has improved the bottomline of the Company.