

25th Annual Report 2001-2002

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GARWARE-WALL ROPES LIMITED

RBG Group



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
Wholtime Director
R.R. SARDESAI
Wholtime Director (Technical)
(resigned with effect from 30th March, 2002)

DEPUTY COMPANY SECRETARY

HARISH KUBER

REGISTERED OFFICE

Plot No. 11,
Block D-1,
MIDC, Chinchwad,
Pune - 411 019.
Tel. No. 020-7473931/32
Website : www.garwareropes.com

WORKS

Plot No. 11,
Block D-1,
MIDC, Chinchwad,
Pune - 411 019.
Tel. No. 020-7473931/32

Plot No. C-1,
MIDC, Wai - 412 803,
Dist. Satara,
Maharashtra.
Tel. No. 02167-65051/52

MUMBAI OFFICE

Chowpatty Chambers,
Sandhurst Bridge,
Mumbai - 400 007.
Tel. No. 022-3634696



FOREIGN BRANCH

P.O.Box : 1833,
432 South Main Street,
Davidson, NC 28036,
U.S.A.

BANKERS

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

AUDITORS

Narkar & Associates,
Chartered Accountants

ADVOCATES AND SOLICITORS

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 No. 020-6129597
E-mail : mcspune@vsnl.net

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NOTICE

Notice is hereby given that the TWENTY-FIFTH ANNUAL GENERAL MEETING of the Company will be held on Saturday, 28th September, 2002 at 12 Noon 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 and Profit and Loss Account for the year ended 31st March, 2002, 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 appoint M/s. Narkar & Associates, Chartered Accountants as Auditors of the Company and to fix their remuneration.

By Order of the Board of Directors,

Mumbai
29th June, 2002

Harish Kuber
Dy. 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 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) Members are requested to notify immediately any change in their addresses to the Company/ Transfer Agents, quoting folio number and giving complete address in block capitals with PIN code of the postal district. The Beneficial Owners of the dematerialised shares may inform the concerned Depository Participant of any change in their addresses.
- 4) The Register of Members and Share Transfer Books will be closed from 13th September, 2002 to 28th September, 2002 (both days inclusive) for the purpose of payment of dividend.
- 5) 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 September, 2002. In case of dematerialised shares, the dividend will be payable to the 'Beneficial Owners' of the shares of the Company as on 12th September, 2002, as per the lists to be submitted by NSDL and CDSL.
- 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 for 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.
- 7) As per the provisions of the Companies Act, 1956, dividends for the years 1994-95, 1995-96, 1996-97, 1997-98, 1998-99, 2000-2001 and interim dividend paid during the year 1999-2000 which remain unclaimed for a period of seven years, will be transferred to the Investor Education and Protection Fund within the specified time period.
- 8) Members are encouraged to utilise the Electronic Clearing System (ECS) for receiving dividends. This notice includes an ECS mandate Form for the benefit of Members desiring to receive dividends through the ECS mode.



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ADDITIONAL INFORMATION ON DIRECTORS RECOMMENDED FOR RE-APPOINTMENT OR SEEKING ELECTION AT THE ANNUAL GENERAL MEETING

At the forthcoming Annual General Meeting, Mr. M.A. Bakre and Mr. V.R. Garware retire by rotation and being eligible, offer themselves for reappointment.

The information and details relating to the aforesaid Directors to be provided pursuant to clause 49.VI. of the listing agreement, dealing with Corporate Governance is set out below.

Mr. M.A. Bakre

Mr. M.A. Bakre, (69 years of age) has been a Director of the Company since 13th March, 1984. Mr. Bakre's educational qualifications are as under:

University of Bombay : BA with 1st Class Hons in Politics and Economics – Awarded the James Taylor Prize for Economics, the PA Wadia Scholarship for Political Science.

University of Cambridge : Economics Tripos, M A Cantab 1959

University of Geneva : Diploma with Distinction in French

Mr. Bakre started his illustrious career at London Office of Duncan Brothers & Co. Limited, the then Calcutta based 100 years old Managing Agency House at the age of 21 and joined the Board of Duncan Brothers at the age of 33. He supervised companies in various industries, viz. Tea, Jute, Wool Combing, Jelly Telephone Cables and Consumer Products etc., and held important key-positions on the Boards of the respective companies in these industries. Mr. Bakre was a Founder Director of eminent companies like Gujarat Carbon, Baroda, and Wiltech India, Mysore. Mr. Bakre was also on the Board of Maharashtra State Finance Corporation during 1973-81. Mr. Bakre was the senior most Director in RPG Group, India's 4th largest Business House. Mr. Bakre is at present on the Board of Directors of Ceat Limited and FGP Limited. Further, Mr. Bakre is a Member of the Audit Committee of Garware-Wall Ropes Limited.

Mr. Vayu Garware

Mr. Vayu Garware, (30 years of age) has been on the Board of Directors of the Company since 7th December, 1995. Mr. Vayu Garware is a Graduate Cum Laude in BSc Economics (Specialization in Finance) from the Wharton Business School of the University of Pennsylvania, USA. Mr. Vayu Garware, after working as a Director for about a year, became a Wholetime Director of the Company on 1st December, 1996. Thereafter, Mr. Vayu Garware was re-appointed as a Wholetime Director of the Company on 1st December, 2001 for a further period of 5 years.

Mr. Vayu Garware is in charge of Domestic Marketing, Exports, Finance & Accounts, and other allied matters of the Company.

Mr. Vayu Garware is also on the Board of Directors of InterMedia Interactive Solutions Limited, an associate company of the R.B. Garware Group.



DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2002

TO THE MEMBERS,

Your Directors have pleasure in presenting the Twenty- fifth Annual Report and Audited Accounts of the Company for the year ended 31st March, 2002.

WORKING RESULTS:

		(Rupees in lacs)
	2001-2002	2000-2001
Profit subject to Depreciation & Taxation	1,879.12	1,604.37
Less : Depreciation, net of transfer from Revaluation Reserve	<u>686.77</u>	<u>663.89</u>
Profit Before Tax	1,192.35	940.48
Less: Provision for Taxation		
Current Tax	70.00	70.00
Deferred Tax	<u>200.00</u>	<u>—</u>
Profit After Tax	922.35	870.48
Add : Profit brought forward from the Previous Year	1,611.74	1,243.95
Amount available for Appropriation	<u>2,534.09</u>	<u>2,114.43</u>
APPROPRIATIONS		
Proposed Dividend	430.91	391.73
Tax on Proposed Dividend	—	39.96
General Reserve	<u>93.00</u>	<u>71.00</u>
	523.91	502.69
Balance in Profit & Loss Account	<u>2,010.18</u>	<u>1,611.74</u>
	<u>2,534.09</u>	<u>2,114.43</u>

2001-2002 - THE YEAR IN RETROSPECT:

In spite of the continued recessionary trend, your Company has been able to maintain its leading position and its market share in the Domestic market. The total domestic sales turnover increased by 4% from Rs. 10,453.95 lacs for the previous year to Rs.10,858.13 lacs this year. The total profit before tax has increased to Rs.1192.35 lacs from Rs. 940.48 lacs during the previous year.

The exports turnover for the year of Rs.4,799.95 lacs as compared to Rs.5,350.32 lacs in the previous year indicates a decline of about 10 %. This drop is due to poor fishing abroad on account of quota cuts, mesh size regulations etc., imposed by the European Governments, Euro-dollar conversion issues as well as difficulties faced by the Company during post 11th September, 2001 period.

GARWARE ELASTOMERICS LIMITED :

During the year, as a part of investment rationalization process, the Company has disinvested 23,00,000 shares of Garware Elastomerics Limited (GEL) an associate company of our Group.

DIVIDEND :

The Directors have recommended a dividend of 22 % (Rs 2.20 per share) for the year 2001-2002. The proposed dividend will absorb Rs. 430.91 lacs.

The Company had paid dividend of Rs. 2/- per share absorbing Rs. 391.73 lacs for the previous year.



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DIRECTORS:

Mr. R.R. Sardesai, Wholetime Director, resigned from the Board of Directors of the Company with effect from 30th March, 2002. Mr. R.R. Sardesai was associated with the Company for last 19 years, in various capacities. The Board sincerely appreciates the valuable contribution made by Mr. R.R. Sardesai during his long association with the Company.

Pursuant to Article 133 of the Articles of Association of the Company, Mr. M.A. Bakre and Mr. V.R. Garware retire by rotation and being eligible, offer themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors confirm :

1. that in the preparation of the annual accounts, the applicable accounting standards have been followed;
2. that they have selected such accounting policies and applied them consistently, and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2002 and of the profit of the Company for the year ended 31st March, 2002;
3. that they have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. that the annual accounts have been prepared on going concern basis.

FIXED DEPOSITS :

There are no claimed unpaid deposits.

INFORMATION PURSUANT TO SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956:

Information in accordance with Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report is given at 'Annexure I'.

PERSONNEL:

The relations with employees at all levels remained cordial throughout the year.

PARTICULARS OF EMPLOYEES :

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, is enclosed at 'Annexure II' and forms part of the Directors' Report.

CORPORATE GOVERNANCE:

As required by Clause 49 of the Listing Agreement with the Stock Exchanges, the report on Management Discussion and Analysis, Corporate Governance as well as the Auditor's Certificate regarding compliance of conditions of Corporate Governance, form part of the Annual Report.

ACKNOWLEDGMENT :

The Directors place on record their appreciation of the wholehearted co-operation received by the Company during the year from the various departments of the Central and State Governments, Local Authorities, Maharashtra Industrial Development Corporation (MIDC), Company's Bankers and Financial Institutions, suppliers and distributors/dealers. The Directors also appreciate the sincere services of the officers and workers of the Company, at all levels.

On behalf of the Board of Directors,

Mumbai,
29th June, 2002

R.B. GARWARE
Chairman



GARWARE WALL ROPES LIMITED

ANNEXURE I TO DIRECTORS' REPORT

As per Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2002

A. CONSERVATION OF ENERGY

The Company constantly endeavors to improve its systems to attain energy conservation. The Company has taken following measures for energy conservation during the year:

- Energy saving by preventing energy losses due to radiation. This has been achieved by insulation of extruder barrels and optimization of oven controlling parameters.
- Installation of PID Controllers for the optimum air pressure. The electronic system in place has resulted in saving of about 10% on energy.
- Energy saving on doubler motors by installation of Star Delta Controllers.

B. TECHNOLOGY ABSORPTION

Efforts made in technology absorption as per "Form B" of the Annexure to the rules:

Research & Development :

- Specific areas in which R & D activities are carried out by the Company :

The Company has a well-equipped R & D Laboratory recognised by The Department of Science and Technology, Government of India.

- Benefits derived/to be derived as a result of the R & D activities are stated below :

A composite structure of rope, netting and hardware developed for mussel farming. Nylon mono filament netting under development. New markets opened in Japan. Nylon monoline development is under process.

- Future Plan of Action:

Development of Raschel nets for fish farming. Development of extra high strength braided twines for exports is completed. High strength fibre multifilament yarn under development.

- Expenditure on R & D :

(Rs. in Lacs)

a) Capital	—
b) Recurring	11.23
c) Total	<u>11.23</u>
d) Total of R & D as a Percentage of total turnover	0.07%



Technology Absorption, Adaptation and Innovation :

The Company developed Galvanised Steel Wire Rope (GSR) articles, used in boulder rock fall protection. Application for patent for the same has been made.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- 1) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans :-

Your Company is the country's leading manufacturer exporter of Synthetic Cordage and Netting. The Company has earned net foreign exchange of Rs. 2,742.44 lacs during the year. Your Company is a Government recognised 'Export House' and repeatedly receives Export Awards for its excellent performance.

- 2) Total Foreign Exchange earned and used :

(Rs. in lacs)

A) Total Foreign Exchange earned :

Total value of exports	<u>4,799.95</u>
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(Rs. in Lacs)

B) Total Foreign Exchange used :

a) Import of raw materials, spare parts and capital goods	1,609.63
b) Expenditure in foreign currencies for business travel, subscription, consumable stores, commission on export sales, customs duty on capital assets, etc.	447.88
	<u>2,057.51</u>

On behalf of the Board of Directors,

Mumbai,
29th June, 2002

R.B. GARWARE
Chairman