

26th Annual Report 2002-2003

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GARWARE-WALL ROPES LIMITED

RBG Group



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

A.S. WAGLE

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. 02167-265051/52

MUMBAI OFFICE

Chowpatty Chambers,

Sandhurst Bridge,

Mumbai 400 007.

Tel. No. 022-23634696



CANWALL ROPE LIMITED

FOREIGN BRANCH

Narrows Reach Business Center, Unit # 500,
6102 North 9th Street,
Tacoma, Washington 98406, 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.

SHARE TRANSFER AGENT

MCS Ltd.
116/118, Akshay Complex,
Off Dhole Patil Road,
Near Ganesh Mandir,
Pune 411 001.
Phone/ Fax No. 020-6129597
E-mail: mcpune@vsnl.net

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**26TH ANNUAL REPORT 2002-2003****NOTICE**

Notice is hereby given that the TWENTY-SIXTH ANNUAL GENERAL MEETING of the Company will be held at Pimpri Chinchwad Corporation Auditorium, Opp. TELCO, Chinchwad, Pune - 411 033, on Saturday, 9th August, 2003 at 10.00 a.m. 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, 2003, together with the Reports of the Directors and Auditors thereon.
2. To declare dividend for the year ended 31st March, 2003.
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 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
30th May, 2003

A.S. WAGLE
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 in order to be effective, must be deposited at the Registered Office not less than forty-eight hours before the time fixed for the Meeting.
- 3) Members and /or their Proxies should bring the Attendance Slips duly filled in for attending the meeting.
- 4) Members are requested to notify immediately the change of address, if any, to the Company's Share Transfer Agent, quoting folio number and giving complete address in block capitals along with PIN code of the postal district. The Beneficial Owners of the dematerialised shares may inform the concerned Depository Participant of the change of address.
- 5) The Register of Members and Share Transfer Books of the Company will remain closed from 7th August, 2003 to 9th August, 2003 (both days inclusive) for the purpose of declaration of dividend.
- 6) The dividend, if declared, will be paid, subject to the provisions of the Companies Act, 1956, on or after 9th August, 2003, in respect of shares held in physical form, to those Members whose names appear on the Register of Members as on 9th August, 2003, and in respect of shares held in dematerialised form, to those "deemed members" whose names appear in the statement of Beneficial Ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) at the close of business hours on 6th August, 2003.

- 7) Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, dividend for the financial year ended 31st March, 1995, has been transferred to the Investor Education and Protection Fund under Section 205C of the Companies Act, 1956.

As per the relevant provisions under the Companies Act, 1956, dividends for the years 1995-96, 1996-97, 1997-98, 1998-99, 2000-2001, 2001-2002 and interim dividend for 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.

It may kindly be noted that once the unpaid / unclaimed dividend is transferred to the Central Government, as above, no claim shall lie in respect thereof.

- 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 declared for the aforesaid financial year(s) or for any period prior to 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.
- 9) Members may utilise the Electronic Clearing System (ECS) for receiving dividends. Enclosed herewith is an ECS mandate Form for the benefit of Members desiring to receive dividends through the ECS mode.



26TH ANNUAL REPORT 2002-2003

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

At the forthcoming Annual General Meeting, Mr. R.B. Garware, Chairman and Mr. R.M. Telang, Director 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. R.B. Garware

Mr. Ramesh Garware was educated in a Public School called Dulwich College, U.K. and thereafter graduated with Honors Degree in Moral Sciences and Law from Jesus College, Cambridge in 1963 after a brief course in French at Sorbonne in Paris, France and returned to India and joined Garware Nylons Limited. He worked in this company until 1983 and also founded and managed Garware Shipping Limited when he took up residence in Australia and returned to India in 1991 to head Garware-Wall Ropes Limited. Since then the turnover of this company has increased from Rs.25 crores to Rs.175 crores.

In 1977, he promoted Garware Elastomerics Limited, which manufactures Tension tapes, and rubber medical products, which are exported throughout the world.

Mr. Garware holds directorships in Garware Elastomerics Limited ("GEL"), InterMedia Interactive Solutions Limited ("IMIS"), Garware-Indus Consulting Limited, Garware-Utson (Cordage) Limited and in other RBG Group closely held companies. Mr. Garware is also a Member of Audit Committees of GEL and IMIS.

Mr. R.M. Telang

Mr. R.M. Telang is a B. Tech. (Chemical Engineer). Mr Telang has been closely associated with the Company since beginning and had served the Company as Technical Director from 1977 to 1989 and thereafter as Wholetime Technical Director till he retired in April 2000.

Mr. Telang was associated in setting up manufacturing units for Garware Marine Industries Limited and Cordage and Fish Net Divisions of Garware-Wall Ropes Limited and also in setting up manufacturing unit of Garware Elastomerics Limited.

Mr. Telang is working as a Wholetime Director of Garware Elastomerics Ltd and hold Directorships in Garware Utson (Cordage) Ltd. and another closely held private limited company.



DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2003

TO THE MEMBERS,

Your Directors have pleasure in presenting the Twenty- Sixth Annual Report and Audited Accounts of the Company for the year ended 31st March, 2003.

WORKING RESULTS:

(Rupees in Lacs)

	2002-2003	2001-2002
Profit subject to Depreciation & Taxation	1,794.31	1,879.12
Less: Depreciation, net of transfer from Revaluation Reserve	712.81	686.77
Profit Before Tax	1,081.50	1,192.35
Less: Provision for Taxation		
Current Tax	70.00	70.00
Deferred Tax	175.00	200.00
Profit After Tax	836.50	922.35
Add: Profit brought forward from the Previous Year	2,010.18	1,611.74
Amount available for Appropriation	2,846.68	2,534.09
APPROPRIATIONS		
Proposed Dividend	430.91	430.91
Tax on Proposed Dividend	55.21	—
General Reserve	84.00	93.00
	570.12	523.91
Balance in Profit & Loss Account	2,276.56	2,010.18
	2,846.68	2,534.09

THE YEAR IN RETROSPECT:

The Company achieved growth of 13% in turnover over the last year despite very difficult economic conditions, both domestically as well as internationally. The total turnover rose to Rs.17759.11 Lacs from Rs. 15658.08 Lacs of the previous year..

The Company recorded an impressive growth of 31% in export turnover, an increase from Rs. 4799.95 Lacs of previous year to Rs. 6298.26 Lacs. This was possible mainly due to the concerted efforts to manufacture and export value added products made out of webbings as well as a globalisation strategy for sales and marketing. The Company continues to maintain its leading position in domestic market. The total domestic sales turnover showed a rise of 6% over previous year.

The Company earned a total profit before tax of Rs. 1,081.50 Lacs as against Rs.1,192.35 Lacs. The higher profit for the previous year was attributable to extraordinary items of income, viz. dividend earned and profit on sale of shares. However, the Company's operating profit for the year was Rs. 846.70 Lacs as against Rs. 764.93 Lacs of the previous year.

DIVIDEND:

The Directors have recommended a dividend of 22% (Rs 2.20 per share) for the year 2002-2003. The proposed dividend will absorb Rs. 430.91 Lacs, besides payment of dividend tax amounting to Rs. 55.21 Lacs.

The Company had paid dividend of Rs. 2.20 per share absorbing Rs.430.91 Lacs for the previous year.



26TH ANNUAL REPORT 2002-2003

DIRECTORS:

Pursuant to Article 133 of the Articles of Association of the Company, Mr.R.B. Garware and Mr. R.M. Telang 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, they have followed the applicable accounting standards;
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, 2003 and of the profit of the Company for the year ended 31st March, 2003;
3. that they have taken proper and sufficient care for the 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 they have prepared annual accounts on a 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 continued to be 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,
30th May, 2003

R.B. GARWARE
Chairman



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, 2003

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:

Installation of various Energy Saving Devices

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 recognized by the Department of Science & Technology, Government of India. The Company's R & D efforts are aimed at indigenous product development, export promotion & import substitution.

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

The following new products have been indigenously developed:

- Sapphire: Netting having higher breaking strength and Abrasion resistance
- Olivene Mark III: Netting having improved abrasion resistance
- High strength polypropylene multi-filament & polyester woven geo-textiles used in various infrastructure projects.
- Netting with increased length without joints.

- Future Plan of Action:

The Company intends to concentrate on more and more value added products.

- Expenditure on R & D:

	(Rs. in Lacs)
a) Capital	113.23
b) Revenue	11.86
c) Deferred Revenue Expenditure including Rs. 4.30 lacs written off during the year	43.01
d) Total	<u>168.10</u>
e) Total of R & D as a Percentage of total turnover	0.95 %



26TH ANNUAL REPORT 2002-2003

Technology Absorption, Adaptation and Innovation:

The Company does not employ any foreign technology which needs absorption or adaptation. The Company has developed various new applications in the field of soil and structural engineering.

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.3,691.12 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	6,298.26
	<u>6,298.26</u>

B. Total Foreign Exchange used:

a) Import of raw materials, spare parts and capital goods	1,993.65
b) Expenditure in foreign currencies for business travel, subscription, consumable stores, commission on export sales, customs duty on capital assets, etc.	613.49
	<u>2,607.14</u>

On behalf of the Board of Directors,

Mumbai,
30th May, 2003

R.B. GARWARE
Chairman