

28th Annual Report 2004-2005

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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
Whole-time Director

COMPANY SECRETARY

A.S. WAGLE

REGISTERED OFFICE

Plot No. 11, Block D-1,
MIDC, Chinchwad,
Pune 411 019.
Tel. No. 020 - 30780000
Website: www.garwareropes.com

WORKS

Plot No. 11, Block D-1,
MIDC, Chinchwad,
Pune 411 019.
Tel. No. 020 - 30780000

Plot No. C-1 & B-226
MIDC, Wai 412 803,
Dist. Satara,
Maharashtra.
Tel. No. 02167 - 265051/52

Plot No. 75, 80, 81 and 86
Danudyog Sahakari Sangh Ltd.,
Piparia, Amli 396 230
Tel. No. 0260 - 2640867

MUMBAI OFFICE

Chowpatty Chambers,
Sandhurst Bridge,
Mumbai 400 007.
Tel. No. 022 - 23634696



GARWARE-WALL ROPES LIMITED

FOREIGN BRANCH

Narrows Reach Business Centre,
6102 North 9th Street,
Unit # 500,
Tacoma, WA 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.
Tel./ Fax No. 020 - 26129597
Email: mcpune@vsnl.net

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NOTICE

Notice is hereby given that the TWENTY-EIGHTH ANNUAL GENERAL MEETING of the Company will be held at Prof. Ramkrishna More Auditorium, (formerly known as Pimpri Chinchwad Corporation Auditorium), Opp. TELCO, Chinchwad, Pune - 411 033, on Monday, 19th September, 2005 at 10.30 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, 2005, together with the Reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. M.A. Bakre, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. V.R. Garware, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint M/s. Narkar & Associates, Chartered Accountants as Auditors of the Company from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS

6. 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 the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 and provisions of other applicable Acts, if any, consent of the Company be and it is hereby accorded to delist the equity shares of the Company from the Stock Exchange, Ahmedabad."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and it is hereby authorised to do all such acts, deeds, matters and things as may in its absolute discretion be necessary, expedient, desirable, usual and proper for the purpose of giving effect to this resolution."

By Order of the Board of Directors,

Pune
29th July, 2005.

A.S. Wagle
Company Secretary

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

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 commencement of the Meeting.
- 3) Members and /or their Proxies should bring the Attendance Slips duly filled in for attending the meeting.



GARWARE-WALL ROPES LIMITED

- 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 10th September, 2005 to 19th September, 2005 (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 19th September, 2005, in respect of shares held in physical form, to those Members whose names appear on the Register of Members as on 19th September, 2005, 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 9th September, 2005.
- 7) In respect of Members having their shareholding in the electronic form, the Company would continue to disburse dividend through direct deposit into the respective bank accounts, the particulars of which have been given by the Members to their Depository Participant. In case, Members do not wish to receive the credit of dividend in the said account, kindly change the bank account accordingly.
- 8) With a view to provide protection against fraudulent encashment of dividend warrant, Members are requested to provide the bank account numbers along with the names and addresses of the concerned banks to enable the Company to incorporate the said details in the dividend warrants.
- 9) 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 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.
- 10) Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, dividend for the financial years ended 31st March, 1995, 31st March, 1996 and 31st March, 1997 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 1997-98, 1998-99, 2000-2001, 2001-2002, 2002-2003, 2003-2004 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 unclaimed dividend is transferred to the "Investor Education and Protection Fund" as above, no claim against the said Fund or the Company shall lie in respect thereof.

- 11) Members are requested to intimate the Company, their Permanent Account Number (PAN) or General Index Register (GIR) Number allotted to them by the Income Tax Department and the details of the Income Tax Ward/Range.
- 12) Members are informed that in case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- 13) In terms of Section 109A of the Companies Act, 1956, Members are entitled to make nomination in respect of shares held by them in physical form. Members desirous of making nominations are requested to send their requests in Form 2B, in duplicate to the Secretarial Department at the Registered Office of the Company or the Share Transfer Agent.
- 14) Members who have multiple folios in identical names or on joint names in the same order are requested to send all the share certificate(s) to the Secretarial Department at the Registered Office of the Company or the Share Transfer Agent for the consolidation of all such shareholding into one folio to facilitate better services.
- 15) An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, is annexed hereto and forms a part of this Notice.



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EXPLANATORY STATEMENT

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

Item No. 6

As the Members are aware, the Company's equity shares are presently listed at Pune Stock Exchange Limited (Regional Stock Exchange), The Stock Exchange, Mumbai ("BSE") and The Stock Exchange, Ahmedabad.

The Company's equity shares are specified by the Securities and Exchange Board of India (SEBI) for settlement in dematerialized form by investors. With the nationwide and extensive networking of BSE terminals to other cities, the investors have access to trade and deal in the securities across the Country. The trading volume in the Company's equity shares in Stock Exchanges other than BSE is extremely low.

In light of the above, it is felt that continued listing with the Stock Exchange, Ahmedabad, does not provide any significant tangible advantage to the Members of the Company. It is, therefore, proposed to delist the equity shares of the Company from the Stock Exchange, Ahmedabad. The equity shares of the Company will continue to be listed on the Pune Stock Exchange Limited and The Stock Exchange, Mumbai.

Members' approval is being sought by a Special Resolution for enabling voluntary delisting of its equity shares from the Stock Exchange, Ahmedabad. This would be subject to fulfillment of compliance of SEBI regulations and other formalities as may be required.

The Board of Directors recommends the resolution for the approval of the Members. None of the Directors of the Company is in any way concerned or interested in this resolution.

By Order of the Board of Directors,

Pune
29th July, 2005.

A.S. Wagle
Company Secretary

Registered Office:

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



GARWARE-WALL ROPES LIMITED

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, Director and Mr. V.R. Garware, Whole-time Director retire by rotation and being eligible, offer themselves for re-appointment.

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, (aged 72 Years) 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, MACantab 1959
University of Geneva	:	Diploma with Distinction for proficiency 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, Wiltech India, Mysore and Karnataka Tele Cables Limited. Mr. Bakre was 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 was also a Chairman of Asian Cables Limited for a period of 22 years from 1972 to 1994.

Mr. Bakre is, at present, on the Board of Directors of Ceat Limited and FGP Limited. Mr. Bakre is a Chairman of the Audit Committee and Shareholder Grievance Committee and a Member of Remuneration Committee of M/s. Ceat Limited and a Member of the Audit Committee of Garware-Wall Ropes Limited.

Mr. Vayu Garware

Mr. Vayu Garware, (aged 33 years) 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 (Specialisation 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 Whole-time Director of the Company on 1st December, 1996. Thereafter, Mr. Vayu Garware was re-appointed as a Whole-time Director of the Company on 1st December, 2001 for a further period of 5 years.

Mr. Vayu Garware is in charge of Domestic Marketing, Global Marketing, Finance and Accounts and other allied functional areas of the Company.

Mr. Vayu Garware is also a Director on the Board of Garware Securities Broking Limited and Garware Indus Consulting Limited.



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DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2005

TO THE MEMBERS,

Your Directors have pleasure in presenting the Twenty-Eighth Annual Report and Audited Accounts of the Company for the year ended 31st March, 2005.

WORKING RESULTS:

	2004-2005	(Rupees in Lacs) 2003 -2004
Profit subject to Depreciation & Taxation	2,102.24	1,891.27
Less : Depreciation, net of transfer from Revaluation Reserve	800.01	754.71
Profit Before Tax	1,302.23	1,136.56
Less : Provision for Taxation		
Current Tax	80.00	75.00
Deferred Tax	(103.86)	85.00
Profit After Tax	1326.09	976.56
Add : Profit brought forward from the Previous Year	2,669.00	2,276.56
Amount available for Appropriation	3,995.09	3,253.12
APPROPRIATIONS		
Proposed Dividend	499.11	430.91
Tax on Proposed Dividend	70.00	55.21
General Reserve	132.61	98.00
	701.72	584.12
Balance in Profit & Loss Account	3,293.37	2,669.00
	3,995.09	3,253.12

2004-2005 - THE YEAR UNDER REVIEW:

Your Company has achieved a turnover of Rs. 226.13 Crores, as compared to Rs. 187.60 Crores of the earlier year, an increase of 21 % over the last year.

Your Company, a dominant player in the Domestic Market, recorded an impressive growth of 21% in domestic sale, inspite of post-Tsunami demand slow down. The Company continues to maintain the growth in exports with an export turnover of Rs. 83.10 Crores as compared to Rs.69.22 Crores of the earlier year, a rise of 20%. This rise was mainly attributable to the Company's strategy to manufacture and export, value added products to meet the customer's specific needs.

There was an unprecedented rise in the oil prices, resulting in sharply increased raw material costs during the year. However, the Company earned profit before tax of Rs.13.02 Crores as against profit of Rs. 11.36 Crores of last year as a result of the combination of its value addition and growth strategies.

DIVIDEND:

Your Directors are pleased to recommend for your consideration payment of dividend at 25% (Rs 2.50 per share) for the year 2004-2005. The total amount of dividend outgo (including Dividend tax) will be Rs. 569.11 Lacs.



GARWARE-WALL ROPES LIMITED

DIRECTORS:

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, 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, 2005 and of the profit of the Company for the year ended 31st March, 2005;
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:

The Company did not accept any fixed deposits during the year under review. 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:

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section on Management Discussion and Analysis, Corporate Governance as well as the Auditor's Certificate regarding compliance of conditions of Corporate Governance is set out in Annexure forming part of this report.

ACKNOWLEDGMENT:

The Directors take this opportunity to 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, 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,
3rd June, 2005

R.B. GARWARE
Chairman



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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, 2005

A. CONSERVATION OF ENERGY

- i) The Company constantly takes effective steps to attain energy conservation.

The Company has taken following measures for energy conservation during the year:

Various energy saving devices were installed and other steps were taken such as down sizing of motor horsepower, installation of Inverter Drives, Variable Flow Control Units etc.

- ii) The Company is not covered by Schedule of Industries which are required to furnish information in Form 'A'.

B. TECHNOLOGY ABSORPTION

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

Research & Development:

1. 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 and Technology, Government of India. The Company's R & D efforts are aimed at developing new products and improvement in production process.

2. Benefits derived/to be derived as a result of the R & D activities:

The Company has indigenously developed various new products e.g. Aquaculture Nets, Special Marine Ropes etc., during the year.

3. Future Plan of Action:

The Company plans to develop more new value added products.

4. Expenditure on R & D:	(Rs. in Lacs)
a) Capital	28.33
b) Revenue	6.74
c) Product Development Expenditure	66.83
d) Total	101.90
e) Total of R & D as a Percentage of total turnover	0.45%

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. 3,997.90 lacs during the year. Your Company is a Government recognized 'Export House' and repeatedly receives Export Awards for its excellent performance.