

29th ANNUAL REPORT 2005-2006

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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

MUMBAI OFFICES

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

39, S.K. Hafizuddin Marg,
Byculla, Mumbai 400 008
Tel. No. 022 - 32409626



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.
ICICI Bank Ltd.

AUDITORS

Narkar & Associates,
Chartered Accountants

SOLICITORS AND ADVOCATES

M/s. Crawford Bayley & Co.

SHARE TRANSFER AGENT

(with effect from 1st September, 2006)

Intime Spectrum Registry Ltd.
116/118, Akshay Complex,
Off Dhole Patil Road,
Near Ganesh Mandir,
Pune 411 001.

Phone/ Fax No. 020 - 26129597

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NOTICE

Notice is hereby given that the TWENTY-NINTH 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 Friday, 22nd September, 2006 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 2006, together with the Reports of the Directors and Auditors thereon.
2. To declare a dividend for the year ended 31st March 2006.
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 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 an Ordinary Resolution the following:
 "RESOLVED THAT pursuant to Section 309 of the Companies Act, 1956, the approval of members be and is hereby granted for payment of professional fees up to Rs.9.00 Lacs per annum to Mr. R.M. Telang, Director of the Company for a period of two years effective from 1st April, 2005 for rendering professional services in the areas of Plastic Polymers."
 "RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorize to determine/ vary the terms of payment paid/payable to Mr. R.M. Telang from time to time."

By Order of the Board of Directors,

Mumbai
26th May, 2006.

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.
- 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.



GARWARE-WALL ROPES LIMITED

- 5) The Register of Members and Share Transfer Books of the Company will remain closed from 15th September, 2006 to 22nd September, 2006 (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 22nd September, 2006, in respect of shares held in physical form, to those Members whose names appear on the Register of Members as on 22nd September, 2006, 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 14th September, 2006.
- 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, the 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, 31st March, 1997 and 31st March, 1998 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 1998-99, 2000-2001, 2001-2002, 2002-2003, 2003-2004, 2004-2005 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(2) 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

Pursuant to the provisions of proviso to Sub Section (1) of Section 309 of the Companies Act, 1956, Government of India vide its letter No. 6/5/2000/CL VII dated 6th September, 2000 had confirmed that Mr. R.M. Telang possesses the technical qualification for rendering professional services to the Company in the area of Plastic Polymers. The Board of Directors at their Meeting held on 5th May, 2005 had decided to avail the professional services of Mr. R. M. Telang in the area of Plastic Polymers for a period of two years beginning from 1st April, 2005 on payment of fees and provision of Car/Driver for official visits within an aggregate value not exceeding Rs.9.00 Lacs per annum.

The revised clause 49 of the Listing Agreement, which came in to effect from 1st January, 2006, inter alia requires prior approval of the members of the Company, for compensation paid/payable to Non Executive Directors of the Company after 31st December, 2005. The payment of professional fees to Mr. R.M. Telang does not fall within the meaning of managerial remuneration as defined under the Companies Act, 1956 and therefore, such payment cannot be treated as a compensation paid to a Non Executive Director in a capacity of a Director. However, as a matter of abundant precaution, the approval is sought from members of the Company for the payment of professional fees being made to Mr. R.M. Telang, with due compliance of provisions of Companies Act, 1956. Hence, this resolution is placed before the members for their approval.

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

Mumbai
26th May, 2006.



By Order of the Board of Directors,

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. R.B. Garware, Chairman, and Mr. R.M. Telang, 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. R.B. Garware

Mr. Ramesh Garware, (aged 65 years) 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 pursuing a brief course in French at Sorbonne in Paris, France, he 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.

Mr. Ramesh Garware holds Directorship in Bestretch Elastomers International Limited ("BEIL"), Garware Elastomerics Limited ("GEL"), Garware-Indus Consulting Limited, Garware Utzon (Cordage) Limited, Gartex Industries Limited and other RBG Group closely held companies. Mr. Ramesh Garware is also a Member of Audit Committee of GEL.

Mr. Ramesh Garware holds 9,06,482 shares of the Company, as of 26th May, 2006.

Mr. R.M. Telang

Mr. R.M. Telang, (aged 64 years) 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 a Wholetime Technical Director till he retired in April 2000.

Mr. R.M. 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, Bestretch Elastomers International Limited.

Mr. R.M. Telang hold Directorships in Bestretch Elastomers International Limited and Garware Utzon (Cordage) Ltd.

Mr. R.M. Telang renders professional services to the Company in the area of Plastic Polymers. The Government of India had expressed its opinion under proviso to Sub-Section (1) of Section 309 of the Companies Act, 1956, that Mr. Telang has the requisite qualifications for rendering professional services to the Company in the area of Plastic Polymers.

Mr. R.M. Telang holds 6,400 shares of the Company, as of 26th May, 2006.



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DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2006

TO THE MEMBERS,

Your Directors have pleasure in presenting the Twenty-Ninth Annual Report and Audited Accounts of the Company for the year ended 31st March, 2006.

WORKING RESULTS:

	2005-2006	(Rupees in lacs) 2004-2005
Profit subject to Depreciation & Taxation	2,370.90	2,102.24
Less: Depreciation, net of transfer from Revaluation Reserve	858.34	800.01
Profit Before Tax	1,512.56	1,302.23
Less: Provision for Taxation		
Current Tax	90.00	80.00
Deferred Tax	(84.44)	(103.86)
Fringe Benefit Tax	21.00	--
Profit After Tax	1,486.00	1,326.09
Add: Profit brought forward from the Previous Year	3,293.37	2,669.00
Amount available for Appropriation	4,779.37	3,995.09
APPROPRIATIONS		
Proposed Dividend	439.21	499.11
Tax on Proposed Dividend	61.60	70.00
General Reserve	148.60	132.61
	649.41	701.72
Balance in Profit & Loss Account	4,129.96	3,293.37
	4,779.37	3,995.09

2005-2006 - THE YEAR UNDER REVIEW:

During the year under review, your Company achieved a turnover of Rs.262.52 Crores as compared to previous year of Rs. 226.13 Crores, registering a growth of 16%. In the Domestic Market, the Company posted sales of Rs.167.29 Crores, a rise of 15% over the last year. The Company's Export Sales were at Rs.97.66 Crores as against Rs. 83.10 Crores of the earlier year, an increase of 17%. The Company's focus on development of application based value added products, meeting customer's specific needs, is contributing to the growth of Export Sale.

The previous year was fourth consecutive year in row, when the oil prices continued to grow sharply resulting into further increase in raw material cost.

The Profit Before Tax increased to Rs.15.13 Crores from Rs.13.02 Crores, and the Profit After Tax increased to Rs.14.86 Crores from Rs.13.26 Crores. Resultantly, earning per share rose to Rs.7.44 from Rs.6.74.

DIVIDEND:

Your Directors are pleased to recommend for your consideration payment of a dividend at 22 % (Rs. 2.20 per share) for the year 2005-2006. The total amount of dividend outgo (including Dividend tax) will be Rs.500.81 Lacs.



GARWARE-WALL ROPES LIMITED

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, 2006 and of the profit of the Company for the year ended 31st March, 2006;
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.

DELISTING FROM AHMEDABAD STOCK EXCHANGE:

Consequent upon the application for delisting of the Company's Equity Shares, the Company was granted delisting permission from the Stock Exchange at Ahmedabad effective from 2nd January, 2006.

The Company's shares continue to be listed on the Bombay Stock Exchange (BSE), Mumbai and Pune Stock Exchange (PSE) Pune.

ACKNOWLEDGMENT:

Your Directors wish to place on record their appreciation for the 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 wish to place on record their deep appreciation of the dedication and contributions made by employees at all levels in achieving better performance and look forward to their continued support in future, as well.

On behalf of the Board of Directors,

Mumbai, ;
26th May, 2006

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, 2006

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 installation of large size UPS System, use of energy efficient screw compressor, 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 continues to develop new applications and new products, based on ropes as well as nets.

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	77.88
b) Revenue / Recurring	1.14
c) Product Development Expenditure	78.44
d) Total	157.46
e) Total of R & D as a Percentage of total turnover	0.59%

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. 4253.02 lacs during the year. Your Company is a Government recognized 'Export House' and has received Export Awards for its excellent performance.