

GARWARE-WALL ROPES LIMITED

34th Annual Report 2010-2011



Evolving, Enhancing, Excelling.

34th Annual General Meeting

Day & Date : Saturday, 24th September, 2011

Time : 10.30 am

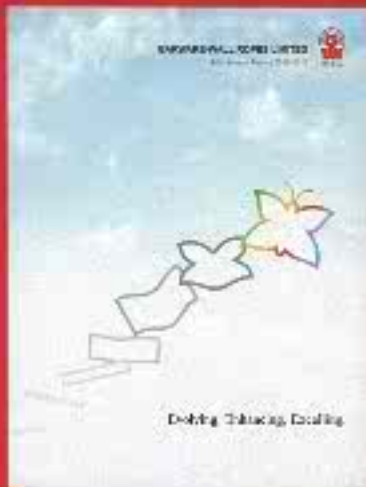
Venue : Auto Cluster Auditorium,
Auto Cluster Development And Research Institute Limited,
H-Block, Plot No. C-181, Off Old Pune-Mumbai Highway,
Chinchwad, Pune - 411019.

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GARWARE-WALL ROPES LIMITED



One of the leading India-based manufacturers and marketers of technical textiles, Garware-Wall Ropes has been continuously *evolving*, to offer its customers and end-users innovative solutions for *enhancing* their competitiveness. With well-established processes for *excelling* in all operations, from design to delivery and after-sales service, Garware-Wall Ropes has built a strong reputation for quality

and reliability across the globe. The fruits of this commitment and effort were reflected in the Company's performance in FY 2010-11.

Highlights

FINANCIAL PERFORMANCE

- Turnover of Company increased from ₹ 451.70 crores in 2009-10 to ₹ 501.30 crores
- Company achieved record (22.5%) growth in exports sales
- Net profit after tax grew from ₹ 19.38 crores in previous year to ₹ 24.43 crores – year-on-year growth of 26%

NEW APPLICATION DEVELOPMENT

- HMWPE ropes for tower erection and pulling of conductors in transmission segment
- Wide range of ropes with floating and sinking properties for fishing applications
- Variety of nets for agriculture
- Camouflage nets for defence sector
- Coated fabrics for covering and lining in a variety of applications

FIRSTS IN INDIA

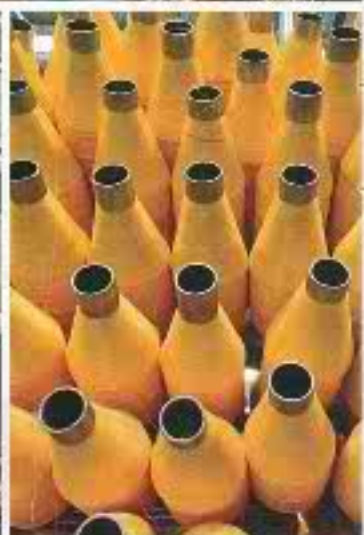
- Hazardous landfill capping in Vizag, Andhra Pradesh
- 70-feet tall gabion wall installed in Langigarh, Orissa
- 1.4-km long geo-tube sea wall in Uppada, Andhra Pradesh

QUALITY SYSTEM

- Upgraded ISO certification to ISO 9001-2008
- Enhanced quality orientation at all levels

ONGOING FUTURE-LOOKING INITIATIVES

- Asset optimisation
- New products development
- Developing new business segments
- 'Kaizen' to improve throughput and quality standards



Corporate Information

Founder Chairman

- Late Shri B. D. Garware

Board of the Directors

- R. B. Garware - Chairman & Managing Director
- S. M. Kuvelker - Vice Chairman
- Dr. V. B. Lele
- S. N. Talwar (Alternate to Dr. V. B. Lele)
- Ms. Diya Garware Ibanez
- R. M. Telang
- S. P. Kulkarni
- V. R. Garware - Whole-time Director

Company Secretary

- A. S. Wagle

Bankers

- Bank of India
- Bank of Baroda
- Bank of Maharashtra
- Royal Bank of Scotland N.V.
- HDFC Bank Ltd.
- IDBI Ltd.

Auditors

- Patki & Soman, Chartered Accountants

Solicitors and Advocates

- Talwar Thakore & Associates

Share Transfer Agent

Link Intime India Pvt. Ltd.
202, 2nd Floor, Akshay Complex, Off Dhule Patil Road,
Near Ganesh Temple, Pune - 411 001.
Tel : +91-20-2605 1629 Telefax : +91-20-2605 3503

Registered Office

Plot No. 11, Block D-1, MIDC, Chinchwad,
Pune - 411 019.
Tel : +91-20-3078 0000 Fax : +91-20-3078 0341
Website : www.garwareropes.com

Mumbai Offices

- Chowpatty Chambers, Sandhurst Bridge,
Mumbai - 400 007. Tel : +91-22-2363 1388
- 39, S. K. Hafizuddin Marg, Byculla,
Mumbai - 400 008.
Tel : +91-22-2309 1164 / 68

Foreign Branch

Narrows Reach Business Centre,
6102 North 9th Street,
Unit#500, Tacoma, WA 98406, U.S.A.





From the Chairman's Desk



Dear Stakeholders,

I am happy to present the Thirty-Fourth Annual Report of Garware-Wall Ropes Limited for the Financial Year 2010-11.

I am pleased to report that compared to the previous year, your Company achieved satisfactory financial performance. The performance has to be viewed against the backdrop of high volatility in the prices of our key raw materials that was witnessed during the year as well as increase in other costs such as wages, electrical power, fuel, etc.

The Company recorded a turnover of ₹ 501.30 crores, which is an increase of 11% over the previous year. Profit after tax rose by 26% to ₹ 24.43 crores. The significant increase in profitability was mainly because of higher export sales, which were up by 22.5%, compared to the previous year, and greater focus on promoting high-value added products.

Looking at the overall financial performance and other factors, your Board of Directors has recommended a dividend of 25%.

As you would be aware, your Company is one of the leading Indian manufacturers of technical textiles, which have a wide range of applications. Superior to conventional materials in terms of durability, reliability, ease of handling and cost-effectiveness, technical textiles have immense scope in the future. Your Company's strategy is to capitalise on this growing demand through user-focused R&D with emphasis on value addition to our customers.

As an on-going exercise, during the financial year 2010-11, specific applications with good market potential were identified and the markets were successfully tapped. An example is the development of customised cages for the growing aquaculture industry. Looking ahead, we have identified some more application areas with promising prospects and a dedicated team has been set up to develop appropriate solutions.

“

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”

“
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”

In the FY2010-11, we successfully executed challenging projects, such as constructing a sea wall made from geo bags of geosynthetic material at an upcoming port near Hazira in Gujarat. Awareness about the inherent benefits of geosynthetics is increasing across many sectors and we are geared to meet the demand of different market segments. We also foresee good demand for technical textiles in the areas of agriculture, water conservation, defence and transportation. Efforts to establish ourselves in these segments would be stepped up. We already have a notable presence in the fisheries, shipping, sports and leisure segments, which would be enhanced.

During the year, we commenced work at our Wai plant for setting up a new manufacturing facility for coated fabrics. A very tough mesh-fabric that offers protection against water and resistance to dirt, chemicals and ultra violet radiation, the product has a wide variety of applications. Production has commenced in the current year and we are initially marketing the product in the road transport segment.

Overall, FY2010-11 can be described as a year of recovery from the effects of worldwide economic crisis in past years in different business segments. We are confident that this strategy, coupled with our financial strength and initiation of new business lines, will enable us to weather cyclical swings in specific sectors and our growth momentum would be sustained.

I take this opportunity to acknowledge the hard work and team effort put in by all our employees, and the support we have enjoyed from our stakeholders. Your continued goodwill greatly encourages us in our efforts to take your Company to a more rewarding future.

With warm regards,

R. B. Garware
Chairman & Managing Director

Directors' Report

FOR THE YEAR ENDED 31ST MARCH, 2011

TO THE MEMBERS,

Your Directors have pleasure in presenting the Thirty-Fourth Annual Report and Audited Accounts of the Company for the year ended 31st March, 2011.

(₹ in Lacs)

■ WORKING RESULTS:

	Year Ended 2010-2011		Year Ended 2009-2010	
Profit Subject to Depreciation & Taxation	4,605.02		3,896.50	
Less: Depreciation, Net of Transfer from Revaluation Reserve	1,483.98		1,292.42	
Profit Before Tax		3,121.22		2,604.08
Less: Provision for Taxation				
Current Tax	620.91		523.33	
Deferred Tax	54.18		138.73	
Wealth Tax	2.86	677.95	1.00	666.06
Profit After Tax		2,443.27		1,938.02
Add: Profit Brought Forward from the Previous Year		8,880.91		7,830.33
Amount Available for Appropriation		11,324.18		9,768.35
Appropriations				
Proposed Dividend	592.71		592.71	
Tax on Proposed Dividend	96.17		100.73	
General Reserve	245.00	933.88	194.00	887.44
Balance in Profit & Loss Account		10,390.30		8,880.91
		11,324.18		9,768.35

■ 2010-2011 THE YEAR UNDER REVIEW:

Your Company recorded a turnover of ₹ 501.30 crores for the year ended 31st March, 2011, as against ₹ 451.70 crores in the previous year. Domestic Sales stood at ₹ 314.64 crores. Export Sales rose to ₹ 186.66 crores, achieving year-on-year growth of 22.5%. This rise in exports is attributable to the continuation of successful implementation of the Company's marketing strategy aimed at demand creation, with focus on value-added new products, tapping new markets, addition of new customers, etc.

Despite the trend of rising oil prices over the year, resulting in increased raw material cost, the Company

earned Net Profit after Tax of ₹ 24.43 crores as compared to ₹ 19.38 crores in the previous year, with year-on-year growth of 26%.

■ DIVIDEND:

Your Directors have recommended a dividend at 25% (₹ 2.5 per share) for the year 2010-2011 for your consideration. The proposed dividend will absorb (including Dividend Tax) an amount of ₹ 688.88 lacs.

■ DIRECTORS:

Pursuant to Article 133 of the Articles of Association of the Company, Mr. S. M. Kuvellkar and Ms. Diya Garware Ibanez 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 judgments 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, 2011 and of the profit of the Company for the year ended 31st March, 2011;
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.

■ JOINT VENTURE:

The Company plans to enter into environmental services business, allied to the Company's geo technical business. Towards this end, the Company and Waste Management Pacific Pty Ltd., Australia, (WMP), (a wholly owned subsidiary of Transpacific Industries Group Ltd., Australia) have entered into Joint Venture Agreement inter-alia providing equity share capital holding, in the ratio of 50:50, in the Garware Environmental Services Private Company (GESPL). The Company and WMP have invested in the equity capital of the GESPL accordingly. GESPL is yet to start its commercial operations.

■ 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.

■ CORPORATE SOCIAL RESPONSIBILITY:

As a part of social responsibility, your Company continues to be supportive and is actively participating in various activities of social benefit and cause. It has been helping in setting up ancillary units. The sphere of activities includes organising health camps, blood donations camps, summer vacation camps, tree plantation drive, etc. The Company also supports schools and colleges by providing them educational tools and sports gear like sports nets.

■ ACKNOWLEDGMENTS:

Your Directors gratefully acknowledge the support given by the Customers, Dealers, Distributors, Suppliers, Bankers, various departments of the Central and State Governments, Local Authorities and also the Shareholders of the Company.

Your Directors would further like to record their appreciation for the unsent efforts put in by all Employees of the Company during the year.

On behalf of the Board of Directors,

Pune,
28th May, 2011

R. B. GARWARE
Chairman & Managing Director

ANNEXURE I TO DIRECTORS' REPORT 2010-11

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, 2011.

A. CONSERVATION OF ENERGY:

- i) The Company constantly takes effective steps towards energy conservation. Installation of various energy saving devices, replacement of Thyristorised DC Drive by AC Drive, installation of light energy savers, change in the power distribution layout, replacement of street lights by energy saving light fixtures, fixing of timers, etc. were some of measures taken by the Company during the year.
- 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. Main thrust of R & D has been the development of new products, both ropes and nettings with different / new applications.
2. Benefits derived / to be derived as a result of the R & D activities:
New products help the Company to tap new market / customers. It also helps the Company to provide solutions meeting customers' requirements.
3. Future Plan of Action:
The Company has invested resources in developing sophisticated next generation products.
4. Expenditure on R & D: (₹ in lacs)

a) Capital	100.66
b) Revenue / Recurring	31.09
c) Product Development Expenditure	200.10
d) Total	331.85
e) Total of R & D as a Percentage of total turnover	0.66%

Technology Absorption, Adaptation and Innovation:

The Company does not employ any foreign technology, which needs absorption or adaptation. The Company has developed various new products.

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 largest manufacturer and exporter of Synthetic Cordage and Netting. The Company has earned net foreign exchange of ₹ 10,302.41 Lacs during the year. Your Company is a Government recognized 'Export House' and has received Export Awards for its excellent performance.
2. Total Foreign Exchange earned and used: (₹ in lacs)

A. Total Foreign Exchange earned:	18,666.04
Total value of exports	18,666.04
B. Total Foreign Exchange used:	
a) Import of raw materials stores & spares, traded goods and capital goods	7,549.63
b) Expenditure in foreign currencies for business travel, subscription, professional fees, commission on export sales, and overseas branch expenses, etc.	814.00
	8,363.63

On behalf of the Board of Directors,

Pune,
28th May, 2011

R. B. GARWARE
Chairman & Managing Director