

GARWARE-WALL ROPES LIMITED

35th Annual Report 2011-2012

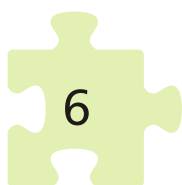


Delivering Solutions, Adding Value

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From the
Chairman's Desk



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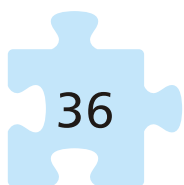
Balance
Sheet



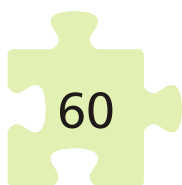
Statement of
Profit and Loss



Cash Flow
Statement



Notes to Financial
Statements



Progress through
the Years

35th Annual General Meeting

Day & Date : Friday, 28 September 2012

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 - 411 019.



GARWARE-WALL ROPES LIMITED



Garware-Wall Ropes Ltd (GWRL) is a leading manufacturer of a range of technical textiles for a variety of applications, in sectors ranging from fishing and aquaculture, to industrial applications, infrastructure development and sports. The Company produces international-quality nets, ropes, yarn and geosynthetic textiles for various specific purposes. Each product is the result of close understanding of customer needs coupled with rich expertise in design & engineering, and stringent processes deployed in state-of-the-art manufacturing facilities at two locations in Western India. Marked by superior quality, GWRL products are well-known across the world through established brands like

Garfil STR, Sapphire and Olivene nets, Maxiflex and Maxigold ropes, Plateena, Sportiva sport nets and Garlon polypropylene multi filament yarn. GWRL products are distributed in all continents of the world, including highly demanding and competitive markets like North America and Europe.

The Company's mission and forte is application-focused innovation. GWRL's product innovations meet critical needs of customers and end-users and add value in a number of ways: by improving cost-effectiveness, enhancing operational life, increasing speed and ease of operations, and providing safe and environment-friendly alternatives.

In FY2011-12, the Company took significant strides in product innovation. Apart from launching solutions for the Company's existing business segments like fishing, aquaculture, infrastructure and defence, GWRL further pursued its well thought-out entry into two new business segments: agritech and coated fabrics. Despite several external challenges, the Company maintained its growth path and expanded its customer base across the world.



MISSION

Provide innovative, application-focused solutions to enhance value of our customers globally.

VALUES

Continuously improve our products & services to become preferred partner of our customers.

Own the process of delivering results with entrepreneurial spirit and joy of working in an empowering environment.

Enhance stake holders' value through profitable growth in sales & earnings.

Enhance our family bond with the employees and business partners through fair and equitable dealings as well as constant communication.



Corporate Information

Founder Chairman

- Late Shri B. D. Garware

Chairman Emeritus

- R. B. Garware

Board of the Directors

- V. R. 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

Company Secretary

- A. S. Wagle

Bankers

- Bank of India
- Bank of Baroda
- Bank of Maharashtra
- Citibank NA
- 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 Dhole Patil Road,
Near Ganesh Temple, Pune - 411 001.
Tel : +91-20-2616 0084, 2616 1629
Telefax : +91-20-2616 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 Shareholders,

I am honoured to present the Annual Report of Garware-Wall Ropes Limited (GWRL) for the financial year 2011-12.

At the outset, I must express my thanks to all of you and the Board of Directors, for the faith and confidence shown in me, by appointing me as the Managing Director of your Company and electing me as Chairman of the Board.

I am pleased to report that your Company recorded revenue of ₹ 580.82 crores, which marked an increase of 15.9% over the previous year. Compared to the previous year, export sales rose by 38.2% and accounted for 42.3% of the total revenue. Noteworthy growth was achieved in the extremely competitive North European and North American markets. The local fishing season was sluggish and fish catches went through a cyclical low. Hence, demand from this sector, which is our core business area, was affected. Likewise, sluggish growth in the domestic infrastructure sector impaired growth of the geotextiles business. We also adopted a cautious approach while pursuing new orders, considering the cash-flow situation of potential clients.

The overall rise in turnover was not matched by corresponding rise in profitability. This was due to inflationary factors and time-lag in passing on increased costs to the market. In particular, we had to bear higher wage, interest, power and fuel costs, as did many companies operating in a similar environment.

Under these circumstances, your Company could maintain the previous year's profitability level. We earned profit after tax amounting to ₹ 24.01 crores. With a view to maintain a steady dividend, and keeping in view the financials, your Board of Directors has recommended a dividend of 25%.

Providing “innovative, application focused solutions to enhance value of customers globally” is your Company's mission, and in FY 2011-12, we took significant strides on this front. For example, for the fishing industry, we introduced several innovative products that will help customers net higher returns, by saving fuel and increasing catch. For the aquaculture sector, we developed pioneering solutions for customers in India and abroad. Our solutions have helped our customers in Canada and North America meet environmental requirements and reduce their operating costs. In the sphere of geotextiles, we introduced solutions for ensuring long life of roads and expressways. Working closely with defence research organisations, we developed many solutions for specific requirements of the nation's armed forces.

Leveraging our expertise in various kinds of technical textiles, we also made a well thought-out entry into two new business segments: agritech and coated fabrics. We expect good growth in these segments, which will increase our resilience to cyclical depressions in other markets.

Overall, we expect product innovations made in 2011-12 to bear good dividends in the years to come.

Looking ahead, I must state that, like most manufacturing companies, we face challenging times against the backdrop of a worsening international economic environment, declining growth rate in the domestic economy, and inflation. Europe is the largest global market for your Company, and hence the situation in the European economy is being watched closely to mitigate risks.

We will use all our expertise and abilities to handle these challenges. Our focus would be on reducing operating costs without compromising on quality; improving productivity; and using our flexibility to respond to dynamic market conditions. This would be coupled with efforts to work closely with customers, to seek new avenues within our established lines of business.

I would like to take this opportunity to acknowledge the support we received during the year from all stakeholders. With continued support and advice from the Board and our experienced team of professionals and support from all of you, I am confident that your Company can reach new heights of performance and excellence.

With warm regards,

V. R. Garware

Chairman & Managing Director



Directors' Report

FOR THE YEAR ENDED 31ST MARCH, 2012

TO THE MEMBERS,

Your Directors have pleasure in presenting the Thirty Fifth Annual Report and Audited Accounts of the Company for the year ended 31st March, 2012.

■ FINANCIAL RESULTS:

(₹ in Lacs)

Particulars

	2011-2012	2010-2011
Profit subject to Depreciation & Taxation	4,807.27	4,605.20
Less: Depreciation, net of transfer from Revaluation Reserve	1,601.92	1,483.98
Profit Before Tax	3,205.35	3,121.22
Less: Provision for Taxation		
Current Tax	775.00	620.91
Deferred Tax	22.00	54.18
Wealth Tax	5.50	2.86
Previous year short tax provision	2.28	---
Profit After Tax	2,400.57	2,443.27
Add: Profit brought forward from the previous year	10,390.30	8,880.91
Amount available for Appropriation	12,790.87	11,324.18
APPROPRIATIONS		
Proposed Dividend	592.71	592.71
Tax on Proposed Dividend	96.15	96.17
General Reserve	241.00	245.00
Balance in Profit & Loss Account	11,861.01	10,390.30
	12,790.87	11,324.18

■ 2011-2012 THE YEAR UNDER REVIEW:

Your Company earned revenue of ₹ 580.82 crores for the year ended 31st March, 2012, as against ₹ 501.30 crores in the previous year. Domestic sales stood at ₹ 325.11 crores. Export sales rose to ₹ 255.71 crores, registering healthy growth of 38.2%.

The year under review was one of the most challenging in recent times, due to rise in raw material costs and unprecedented economic uncertainty across the globe. There were also tremendous inflationary pressures in the Indian manufacturing environment, including significant increases in power, manpower and interest costs. These were passed on to customers over the period, but impacted margins of the Company through some part of the year. However, we continue to be one of the largest manufacturers of our products in the world

and our marketing strategy aimed at new products and new markets has enabled growth in market share in international market.

Despite the constraints and the challenging environment, the Company earned Net Profit after Tax of ₹ 24.01 crores, compared to ₹ 24.43 crores in the previous year, with a marginal drop of 2%, even after higher incidence of tax, due to the withdrawal of EOU tax benefits during the year under review.

■ DIVIDEND:

Your Directors have recommended a dividend at 25% (₹ 2.50 per share) for the year 2011-2012 for your consideration. The proposed dividend will absorb an amount of ₹ 688.86 lacs (including Dividend Tax).

■ DIRECTORS:

Mr. Ramesh Garware, who was Chairman & Managing Director, decided to resign from the position of a Director with effect from 7th November, 2011. His tenure as Managing Director, which expired on 31st October, 2011, was not extended in consonance with his request.

The Board of Directors takes this opportunity to place on record its deep appreciation for his valuable services and great contribution to the growth and progress of the Company.

In recognition of the distinctive and meritorious contribution of Mr. Ramesh Garware, your Board, at its meeting held on 7th November 2011, was pleased to appoint him as "Chairman Emeritus" with immediate effect.

Mr. V. R. Garware, Whole-time Director, was elevated as Managing Director with designation of Chairman and Managing Director (CMD) with effect from 7th November, 2011, and was reappointed for a period of 5 years effective from 1st December, 2011.

Pursuant to Article 133 of the Articles of Association of the Company, Mr. V. R. 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 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, 2012 and of the profit of the Company for the year ended 31st March, 2012;
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.

■ 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:

Garware Environmental Services Private Ltd., a JV company, 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 (CSR):

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

■ ACKNOWLEDGMENT:

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 unstinted efforts put in by all Employees of the Company during the year.

On behalf of the Board of Directors,

Mumbai,
28th May, 2012

V. R. GARWARE
Chairman & Managing Director



ANNEXURE I TO DIRECTORS' REPORT 2011-12

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, 2012.

A. CONSERVATION OF ENERGY:

- i) The Company constantly takes effective steps towards energy conservation.
Installation of various energy efficiency devices, replacement of DC Drive by energy efficient AC Drive, replacement of old motors, replacement of chilling plants with lower capacity, replacement of hot air oven, modification in material loading system for extrusion machines eliminating material conveyor, modification in extruder drive arrangement, 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's well-equipped R & D facilities at Chinchwad and Wai, both 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 markets / customers. It also helps the Company to provide solutions meeting customers requirements and delivering greater value addition.
3. Future Plan of Action:
The Company has invested resources in developing sophisticated next-generation products, which will allow significant fuel savings in fishing applications.
4. Expenditure on R & D:

	(₹ in lacs)
a) Capital	192.98
b) Revenue / Recurring	139.91
c) Product Development Expenditure	150.15
d) Total	483.04
e) Total of R & D as a percentage of Revenue from Operation	0.83%

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 ₹19,125.67 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:	25,570.95
Total value of exports	25,570.95