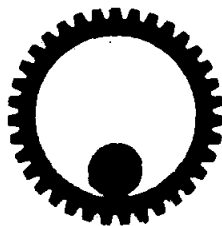


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Shri R. S. Bhise, Executive Chairman
 Shri S. P. Karandikar, Executive Vice Chairman
 Shri D. K. Kohok, Managing Director
 Shri N. N. Wagle, Managing Director
 Shri C. M. Bhicie, Executive Director
 Shri N. V. Srinivasan, Executive Director
 Shri K. J. Doshi, Director
 Shri O. K. Vasudevan, Director
 Shri J. E. Wall, Director

AUDITORS

S.S.Deshpande & Associates
 3, Manek Chambers
 D. Bhandkamkar Marg,
 MUMBAI : 400 004

BANKERS

The Saraswat Co-op. Bank. Ltd.
 The United Western Bank Ltd.

REGISTERED OFFICE

605, Jagdamba Commercial Complex,
 Link Road, Malad (West),
 MUMBAI : 400 064.

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**RING + AQUA
NOTICE**

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NOTICE IS HEREBY GIVEN THAT THE FIFTEENTH ANNUAL GENERAL MEETING OF 'RING PLUS AQUA LIMITED' WILL BE HELD ON FRIDAY, SEPTEMBER 27, 2002, AT 1ST FLOOR, SUBKUCHH SUPERMARKET, KASTURI PARK, LINK ROAD, MALAD (WEST) MUMBAI 400 064 AT 12:00 NOON TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended March 31, 2002 and the audited Balance Sheet as on that date alongwith notes & schedules thereon and reports of Directors and Auditors, thereon.
2. To appoint a Director in place of Mr. N. N. Wagle, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. N. V. Shrinivasan, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. K. J. Doshi, who retires by rotation, and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS :

TO CONSIDER, AND IF THOUGHT FIT, TO PASS WITH OR WITHOUT MODIFICATIONS THE FOLLOWING RESOLUTIONS:

5. As a SPECIAL RESOLUTION:
"RESOLVED THAT pursuant to Section 224(A) and any other applicable provisions, if any, of the Companies Act, 1956, M/s. S. S. Deshpande & Associates, Chartered Accountants, Mumbai, be and are hereby appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the company and that the Board of Directors be and is hereby authorised to fix their remuneration for the said period."
6. As an ORDINARY RESOLUTION :
"RESOLVED THAT pursuant to sections 198, 269, 309, 310, 314 & Schedule XIII and all other applicable

provisions, if any, of The Companies Act, 1956 (including any statutory modifications or re-enactment thereof, for the time being in force) and subject to approval of financial institutions, consent of the Members be and is hereby accorded for payment of enhanced remuneration, commission and perquisites to Mr. S. P. Karandikar, Vice-Chairman of the Company, with effect from 1st April, 2002 for the residual term of office till 31st march, 2004 as per the terms & conditions set out in the draft supplementary agreement to be entered into by the Company with him submitted to the Meeting & initialled for the purpose of identification by the Managing Director and that the Board of Directors be and is hereby authorised to alter and vary such terms & conditions in accordance with the laws in force from time-to-time as may be agreed to by the Board of Directors and Mr. S. P. Karandikar.

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to do all other acts, deeds and things and execute all such documents, instruments and writings as may be necessary or desirable and to delegate all or any of its powers herein conferred to any Director(s) to give effect to the aforesaid Resolutions."

7. As an ORDINARY RESOLUTION :
"RESOLVED THAT pursuant to sections 198, 269, 309, 310, 314 & Schedule XIII and all other applicable provisions, if any, of The Companies Act, 1956 (including any statutory modifications or re-enactment thereof, for the time being in force) and subject to approval of financial institutions, consent of the Members be and is hereby accorded for payment of enhanced remuneration, commission and perquisites to Mr. N. N. Wagle, Managing Director of the Company, with effect from 1st April, 2002 for the residual term of office till 26th November, 2004 as per the terms & conditions set out in the draft supplementary agreement to be entered into by the Company with him submitted to the Meeting & initialled for the purpose of identification by the Vice-Chairman and that the Board of Directors be and is hereby authorised to alter and vary such terms & conditions in accordance with the laws in force from time-to-time as may be agreed to by the Board of Directors and Mr. N. N. Wagle.



"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to do all other acts, deeds and things and execute all such documents, instruments and writings as may be necessary or desirable and to deligate all or any of its powers herein conferred to any Director(s) to give effect to the aforesaid Resolutions."

8. As an ORDINARY RESOLUTION :

"RESOLVED THAT pursuant to sections 198, 269, 309, 310, 314 & Schedule XIII and all other applicable provisions, if any, of The Companies Act, 1956 (including any statutory modifications or re-enactment thereof, for the time being in force) and subject to approval of financial institutions, consent of the Members be and is hereby accorded for payment of enhanced remuneration, commission and perquisites to Mr. C. M. Bhide, Executive Director of the Company, with effect from 1st April, 2002 for the residual term of office till 26th November, 2004 as per the terms & conditions set out in the draft supplementary agreement to be entered into by the Company with him submitted to the Meeting & initialled for the purpose of identification by the Vice-Chairman and that the Board of Directors be and is hereby authorised to alter and vary such terms & conditions in accordance with the laws in force from time-to-time as may be agreed to by the Board of Directors and Mr. C. M. Bhide.

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to do all other acts, deeds and things and execute all such documents, instruments and writings as may be necessary or desirable and to deligate all or any of its powers herein conferred to any Director(s) to give effect to the aforesaid Resolutions."

9. As an ORDINARY RESOLUTION :

"RESOLVED THAT pursuant to sections 198, 269, 309, 310, 314 & Schedule XIII and all other applicable provisions, if any, of The Companies Act, 1956 (including any statutory modifications or re-enactment thereof, for the time being in force) and subject to approval of financial institutions, consent of the Members be and is hereby accorded for payment of enhanced remuneration, commission and perquisites to Mr. N. V. Shrinivasan, Executive Director of the Company, with effect from 1st April, 2002 for the residual term of office till 31st March, 2005 as per the terms & conditions set out in the draft supplementary agreement to be entered into by the Company with him submitted to the Meeting & initialled for the purpose of identification by the Vice-Chairman and that the Board of Directors be and is hereby authorised to alter and vary such terms & conditions in accordance with the laws in force from time-to-time as may be agreed to by the Board of Directors and Mr. N. V. Shrinivasan.

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to do all other acts, deeds and things and execute all such documents, instruments and writings as may be necessary or desirable and to deligate all or any of its powers herein conferred to any Director(s) to give effect to the aforesaid Resolutions."

By Order of the Board
For **RING PLUS AQUA LTD.**

Mr. S. P. KARANDIKAR
Executive Vice Chairman

Place : Mumbai
Date : August 22, 2002



1. The explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of Items nos. 5 to 9 is annexed hereto.
2. A member entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and vote instead of himself and a proxy need not be a member of the Company.
3. Members are requested to notify immediately change in their address, if any, to the Registered Office, quoting their Folio Number(s).
4. A proxy to be valid should be lodged at the registered office of the company, not less than 48 hours before the commencement of the meeting.
5. The Share transfer books and the Register of Members of the Company will remain closed from 12-9-2002 to 27-9-2002 (both days inclusive).
6. Members / Proxies should bring their attendance slips duly filled-in for attending the meeting.
7. The shareholders are requested to bring their copy of the Annual Report with them at the General Meeting.
8. Members queries, if any, pertaining to the Accounts, must reach the Registered office of the Company at least 10 days before the date of the meeting.

EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173(2) OF THE COMPANIES ACT, 1956
ITEM No. 5

Section 224(A) of the Companies Act, 1956 provides that a Company in which not less than 25% of the Subscribed Capital is held, inter alia, by the Public Financial Institutions, the appointment or re-appointment of Auditors of the company has to be made by a Special Resolution. Accordingly, a Special Resolution for the re-appointment of M/s. S. S. Deshpande & Associates, Chartered Accountants, as Auditors of the Company has been proposed and recommended by the Board.

None of the Directors of the company is, in any way, concerned or interested in the resolution. The Directors recommend the adoption of the resolution as Item No.5 of the Notice for the approval of Shareholders.

ITEM No. 6 to 9

The terms of appointment and remuneration payable to M/s. S. P. Karandikar, Vice-Chairman, were approved at the Annual General Meeting (AGM) held on 29th Sept, 2000 and of M/s. N. N. Wagle, Managing Director, C. M. Bhide, Executive Director & N. V. Shrinivasan, Executive Director, was approved at the AGM of the Company held on 28th September 2001. Taking into consideration the need to keep pace with level of remuneration being paid to Managerial personnel in the industry and in view of the increased responsibilities assumed by the Executive Directors, it was considered necessary that the remuneration should be revised suitably. Accordingly, the Board of Directors have decided that the remuneration and perquisites of the following Executive Directors be increased within the overall limits prescribed under Schedule XIII to The Company's Act, 1956 as amended from time-to-time. The Board of Directors at their meeting held on 22nd August, 2002 has recommended with effect from 1st April 2002, the increased remuneration including salary, perquisites and commission payable to M/s. S. P. Karandikar, Vice-Chairman, N. N. Wagle, Managing Director, C. M. Bhide, Executive Director and N. V. Shrinivasan, Executive Director, as under :

- a) **Salary :**
- Mr. S. P. Karandikar - Rs.30,000 per month.
 - Mr. N. N. Wagle- Rs. 27,000 per month.
 - Mr. C. M. Bhide- Rs.26,000 per month.
 - Mr.N. V. Shrinivasan- Rs.24,000 per month.

- b) **Commission:** To each of them individually.
 Commission will be allowed in addition to salary and perquisites, the amount of which shall be subject to the overall ceilings laid down in Section 198 and 309 of the Companies Act, 1956, based on the net profits of the Company in



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a particular year. The amount of commission for each financial year or part thereof will be decided by the Board of Directors from time to time in its absolute discretion but shall not exceed an amount equal to the salary of the relevant period.

c) Perquisites**Category A**

: To each of them individually.

Housing

Free furnished residential accommodation. The expenditure incurred by the Company on gas, electricity, water and furnishings will be valued as per the Income-Tax Rules, 1962. This will be subject to a ceiling of 10 % of the salary.

In lieu of the Company providing residential accommodation, a House Rent Allowance of 45% of the Basic Salary shall be paid.

Reimbursement of Medical Expenses

For Self and family, subject to a ceiling of one month's salary per year or three month's salary over a period of three years.

Leave Travel Concession

For self and family in accordance with the Rules of the Company.

Club Fees

Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.

Personal Accident Insurance

Premium not to exceed Rs.10,000/- per annum.

Category B

Company's Contribution to Provident Fund,

To the extent such contribution either singly or

Superannuation fund or annuity fund

put together are not taxable under the Income Tax Act, 1961.

Gratuity

As per the Rules of the Company, payable in accordance with the Approved Gratuity Fund and which shall not exceed half a month's salary for each completed year of service.

Leave encashment

Leave unavailed of to be allowed to be encashed as per rules of the Company.

Category C

Company Car & Driver

Use of Company Car and driver on Company's business. Such use will not be considered a perquisite. Personal use of the Company car will be billed.

Telephone

Use of residential telephone and also mobile phone on Company's business. Such use will not be considered a perquisite. Charges for personal long distance calls will be billed.

d) Minimum Remuneration :

Notwithstanding anything contained above, where in any financial year during the currency of the tenure of the Executive Director, the Company's profits are inadequate, the minimum remuneration will be in accordance with the provisions of Section II of Part II of Schedule XIII to the Companies Act, 1956, as amended from time to time.

The above may be treated as abstracts of appointments and variations of managerial persons pursuant to Section 302 of the Companies Act, 1956.



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No other Directors except M/s. S. P. Karandikar, N. N. Wagle, C. M. Bhide and N. V. Shrinivasan are interested in the resolutions to the extent concerning their term of office and remuneration.

The Directors recommend the adoption of the Resolutions at Item No. 6 to 9 of the notice for approval of the shareholders.

By order of the Board
For **RING PLUS AQUA LTD.**

Mr. S. P. KARANDIKAR
Executive Vice Chairman

Place : Mumbai

Date : August 22, 2002

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DIRECTORS' REPORT15th ANNUAL REPORT
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1. You would be aware that the other group company viz. erstwhile Ring Gears India Limited is amalgamated with your Company from 01-04-1997. Your directors are pleased to present the Fifteenth Annual Report (the fifth after the amalgamation) and Audited statement of Accounts of the amalgamated Company, for the year ended 31st March 2002.

2. FINANCIAL RESULTS AND APPROPRIATIONS :

	2001-02	2000-01	1999-2000
	(Rs.Lacs)	(Rs.Lacs)	(Rs.Lacs)
Sales and other Income	3557.03	2934.43	3927.54
Operating Profit for the year	829.81	540.49	862.90
Interest	384.41	395.82	369.31
Gross Profit	445.40	144.67	493.59
Depreciation	249.55	222.08	213.66
Profit / (Loss) before Income tax	195.85	(77.27)	279.93
Provision for Income tax	17.00	NIL	33.14
Profit / (Loss) after tax	178.85	(77.27)	246.79
Previous year's tax, adj. & misc.write offs	(32.96)	(16.11)	0.58
	145.89	(93.38)	247.37
Profit of previous year b/f	232.74	326.12	178.74
Profit available for appropriation	378.63	232.74	426.12

Which the Directors have appropriated as follows:

i. Proposed Dividend on Equity Shares & dividend tax	NIL	NIL	NIL
ii. Transfer to General Reserve	100.00	NIL	100.00
iii. Transfer to Profit & Loss A/c	278.63	232.74	326.12



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You have observed that the Company has smartly recovered compared to the previous year's performance. However, the Directors have decided not to declare any dividend mainly on conservative grounds. Ploughing back the entire accruals will further strengthen the financial condition of the Company, which will prove more beneficial for the shareholders in the future years.

4. OPERATIONS :**(a) Shaft Bearing Division :**

The performance of this division is very encouraging on all the fronts viz. production, marketing, cost-reduction, etc. The turmoil of 11th Sept., 2001 in the US and its subsequent consequences did not have any adverse impact on our export to the US. The offtake of the existing customers in the US increased which was promptly taken care of by the corresponding increase in the production.

Bearing sales have increased from 13.84 Lakh Nos to 16.76 Lakh Nos. and value from Rs. 1482.77 Lakh to Rs. 1790.45 Lakh. Exports & Incentives constituted 91% of its total sales. United States of America continued to be the major place of exports. Strict vigil is maintained on the quality of the bearings produced.

(b) Starter Gear Division :

Despite the prolonged recession in the economy, coupled with the competition, the performance of this division also improved during the year under report. The sale of gears has been 6.82 Lakh nos. as compared to 4.83 Lakh nos. in last year. The value of the gears sold was Rs. 1355.04 Lakhs as compared to Rs. 1142.72 Lakhs in the previous year. In this division also, exports to the USA formed major share of the export turnover.

5. FUTURE PROSPECTS :**(a) Shaft Bearing Division :**

The Automobile sector and consequently the Auto-ancillary sector, both in India and abroad, have yet to recover from the recession. In spite of this, the sales achieved during the first four months of the current year are higher by about 51% over the corresponding period of the previous year i.e. 2001-02. Moreover the important customer in the US has indicated that his offtake may increase reasonably during the remaining part of the current year. With the enhanced capacity in place, the sales of this division are expected to increase by about 25% over the previous year despite the comparatively stronger Indian Rupee vis-a-vis the US Dollar.

(b) Starter Gear Division :

At the time of writing this report, there are some signs of revival in the economy. However, the demand for auto-components in the domestic market is not yet picked up as expected. Considering this and also the competition in the industry, we feel that the domestic sales will be maintained at the same level of the previous year.

In the overseas market, we are negotiating with one of the existing customers in the US, to increase his off-take from us. So far, the developments are satisfactory. It is expected that the off-take from this customer may increase in the last quarter of the current year. However, conservatively, we expect to achieve the same level of exports in the current year also.

Ring Rolling Centre (RRC) : As the members know, we have filed a legal suit in the Courts of Germany to obtain compensation from M/s. Bad Duben Profilwalzmaschinen GmbH. During the year under report, considerable arguments were exchanged through the court with the said manufacturer. A few court hearings also took place. Considering the



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experience of the German legal system, we had during the last more than one year, it is very difficult to predict the total cost and time it may take to get the final court verdict. Hence the Company is negotiating with the said manufacturer for 'out-of-court' settlement of the issue.

- (c) **Profile Forming Division** : The production and sale of two part numbers of our new product viz. "Sheet Metal Pulleys" was stabilised during the later half of the year under report. During the current year, we expect to stabilise the production of two more part numbers. Pulleys manufactured with the new process are being slowly but surely accepted by its users. We have targeted to add one more domestic OEM in our customer list during the current year.

6. **HUMAN RESOURCES DEVELOPMENT AND INDUSTRIAL RELATIONS :**

At present, majority of the workers have joined the new union. The new union has applied for cancellation of the recognition of the existing union in the Labour Court. The steps will be taken to finalise the wage settlement agreement after receiving the verdict of the Court. Eventhough there is a rivalry between the existing and the new union, the relations between the workmen and the Company are healthy and cordial.

7. **SUBSIDIARY COMPANY IN USA :**

The activities of a wholly owned subsidiary Company namely R & A Logistics Inc. are gathering momentum. Similarly, our e-commerce website has also become partially operational. Duly audited Profit & Loss account and Balancesheet of the subsidiary company alongwith the Auditors' Report thereon is enclosed in this Annual Report as a part of the same.

8. **CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION :**

As per Annexure to this Annual Report.

9. **DIRECTORS :**

M/s. N. N. Wagle, N. V. Shrinivasan and K. J. Doshi retire by rotation and being eligible offer themselves for reappointment.

During the year under report, SICOM Ltd. withdrew its nominee director Mr. M. M. Deshmukh. The Board would like to place on records the valuable guidance rendered by Mr. Deshmukh during his association with the Company.

10. **DIRECTORS' RESPONSIBILITY STATEMENT:**

Persuant to the requirement of Section 217 (2AA) of the Companies Act, 1956 the Board of Directors hereby state:

a. That in the preparation of the annual accounts, the applicable accounting standards had been followed alongwith proper explanation relating to material departures.

b. That the Directors had selected 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 at the end of the financial year and of the profit or loss of the Company for that period;

c. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company for that period;

d. That the Directors had prepared the annual accounts on a going concern basis.