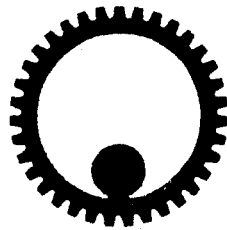


16th ANNUAL REPORT 2002-2003

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RING PLUS AQUA LIMITED



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2002-03**BOARD OF DIRECTORS**

Shri R. S. Bhise, Executive Chairman
 Shri S. P. Karandikar, Executive Vice Chairman
 Shri N. N. Wagle, Managing Director
 Shri C. M. Bhide, Executive Director
 Shri N. V. Srinivasan, Executive Director
 Shri K. J. Doshi, Director
 Shri O. K. Vasudevan, Director
 Shri Dave 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.

FACTORIES

D-3,4 & A-16,17;
 Sinnar Taluka Co-op. Industrial Estate,
 Sinnar, Dist. Nasik 422 112, Maharashtra

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NOTICE

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NOTICE IS HEREBY GIVEN THAT THE SIXTEENTH ANNUAL GENERAL MEETING OF 'RING PLUS AQUA LIMITED' WILL BE HELD ON FRIDAY, AUGUST 29, 2003, AT 'ASHISH BANQUETS', 1st FLOOR, LANDMARK BUILDING, 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, 2003 and the audited Balance Sheet as on that date alongwith notes & schedules thereon and reports of Directors and Auditors, thereon.
2. To declare a Dividend for the year ended 31st March 2003, on the Equity Share capital of the Company.
3. To appoint a Director in place of Mr. S. P. Karandikar, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. C. M. Bhide, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. O. K. Vasudevan, 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:

6. 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."

7. As a ORDINARY RESOLUTION:

"RESOLVED THAT Mr. Dave Wall, who was appointed as an Additional Director from 15th June, 2003 whose term of office expires as per Section 260 of the Companies Act, 1956, at this Annual General Meeting, and being eligible, offers himself for re-appointment and in respect of whom the Company has received notice in writing under Section 257 of the Companies Act, 1956 from a member proposing Mr. Dave Wall as a candidate for the office of the Director, be & is hereby appointed as a Director of the Company".

"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 Resolution."

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 to the re-appointment of Mr. R. S. Bhise as a Director of the Company designated as Executive Chairman for a period of three years with effect from 1st April, 2004 on the terms and conditions including the remuneration and perquisites, as per draft agreement placed before the meeting and initialled by the Chairman for the purpose, of identification, which is hereby specifically approved and sanctioned with authority to the Board of Directors to alter and vary the terms and conditions of the said re-appointment (including authority, from time to time, to determine the amount of salary and commission as also the type and amount of perquisites and other benefits payable to Mr. R. S. Bhise), provided however, that the remuneration payable to Mr. R. S. Bhise shall not exceed the limits specified in the terms and conditions of re-appointment, as also the limits prescribed under Schedule XIII to the Companies Act, 1956 or any amendment, modification, variation or re-enactment thereof."



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"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."

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 to the re-appointment of Mr. S. P. Karandikar as a Director of the Company designated as Vice-Chairman for a period of three years with effect from 1st April, 2004 on the terms and conditions including the remuneration and perquisites, as per draft agreement placed before the meeting and initialled by the Chairman for the purpose of identification, which is hereby specifically approved and sanctioned with authority to the Board of Directors to alter and vary the terms and conditions of the said re-appointment (including authority, from time to time, to determine the amount of salary and commission as also the type and amount of perquisites and other benefits payable to Mr. S. P. Karandikar), provided however, that the remuneration payable to Mr. S. P. Karandikar shall not exceed the limits specified in the terms and conditions of re-appointment, as also the limits prescribed under Schedule XIII to the Companies Act, 1956 or any amendment, modification, variation or re-enactment thereof."

"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."

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

Mr. S. P. KARANDIKAR
Executive Vice Chairman

Place : Mumbai
Date : July 4, 2003



1. The explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of Item nos. 6 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 14-8-2003 to 29-8-2003 (both days inclusive), for the purpose of determining entitlement of dividend, if any, declared by the Company.
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. 6

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.

ITEM No. 7

In view of sad demise of the Director Mr. John E. Wall, Mr. Dave Wall was appointed in his place, as an additional Director of the Company.

Pursuant to Section 260 of the Companies Act, 1956 and as per Article 165 of Articles of Association, his tenure of Directorship comes to an end in the forthcoming Annual General Meeting. The Company has received a notice in writing from a member in accordance with section 257 of the Companies Act, 1956 signifying his intention to propose the appointment of Mr. Dave E. Wall.

None of the Directors except Mr. Dave Wall is interested in the above resolutions.

ITEM No. 8 & 9

The terms of appointment and remuneration payable to Mr. R. S. Bhise, Executive Chairman was approved at the Annual General Meeting (AGM) held on 29th September 2000 & of Mr. S. P. Karandikar, Vice-Chairman, was approved at the AGM of the Company held on 29th September 2000 and further revised at the AGM held on 27th September 2002. Their term expires on 31st March 2004 and the Board of Directors has recommended their re-appointment at their meeting held on 4th July 2003.



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The approval of members is sought for their re-appointment on the terms and conditions as set out in the Agreement to be entered into with them after the members' approval.

Terms of appointment of Mr. R. S. Bhise and Mr S. P. Karandikar are as under:

a) Salary : Mr. R. S. Bhise- Rs.36,000 per month
Mr. S. P. Karandikar - Rs.30,000 per month.

b) Tenure : 3 Years w.e.f. 1st April 2004 for each of them.

c) Commission : 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 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.

d) 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.

Reimbursement of Medical Expenses

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

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, Superannuation fund or annuity fund

To the extent such contribution either singly or 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.



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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.

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

No other Directors except Mr. R. S. Bhise & Mr. S. P. Karandikar 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.

e) 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.

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

Mr. S. P. KARANDIKAR
Executive Vice Chairman

Place : Mumbai
Date : July 4, 2003



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DIRECTORS' REPORT

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TO THE MEMBERS OF RING PLUS AQUA LIMITED

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 Sixteenth Annual Report (the Sixth after the amalgamation) and Audited statement of Accounts of the amalgamated Company, for the year ended 31st March 2003.

2. FINANCIAL RESULTS AND APPROPRIATIONS :

	2002-03	2001-02	2000-01
	(Rs.Lacs)	(Rs.Lacs)	(Rs.Lacs)
Sales and other Income	4148.20	3557.03	2934.43
Operating Profit for the year	967.20	829.81	540.49
Interest	276.47	384.41	395.82
Gross Profit	690.73	445.40	144.67
Depreciation	263.52	249.55	222.08
Profit / (Loss) before Income tax	427.21	195.85	(77.27)
Provision for Income tax	23.00	17.00	NIL
Profit / (Loss) after tax	404.21	178.85	(77.27)
Previous year's tax, adj. & misc.write offs	30.14	(32.96)	(16.11)
	434.35	145.89	(93.38)
Profit of previous year b/f	278.63	232.74	326.12
Profit available for appropriation	712.98	378.63	232.74
Which the Directors have appropriated as follows:			
i. Proposed Dividend on Equity Shares & dividend tax	85.81	NIL	NIL
ii. Transfer to General Reserve	100.00	100.00	NIL
iii. Transfer to Profit & Loss A/c	527.17	278.63	232.74



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You have observed that the performance of the Company continued to be encouraging. Considering all the relevant factors, your Directors are pleased to propose for your consideration, a Dividend @ 10% i.e. Re. 1.00 per share for the year ended 31st March 2003, (last year NIL) on the Equity Share capital of the Company, absorbing Rs. 76.07 Lakhs. This shall, of course, be subject to the approval of the Financial Institutions.

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

The performance of this division continued to be encouraging on all the fronts viz. production, marketing, cost-reduction, etc. 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 16.76 Lakh Nos to 20.43 Lakh Nos. and value from Rs. 1790.45 Lakh to Rs. 2205.21 Lakh. Exports & Incentives constituted 94% of its total sales. United States of America continued to be the major place of exports.

(b) Starter Gear Division (SGD) :

Despite the competition, the performance of this division improved marginally during the year under report. The sale of gears has been 6.61 Lakh nos. as compared to 6.82 Lakh nos. in last year. The value of the gears sold was Rs. 1404.50 Lakhs as compared to Rs. 1355.04 Lakhs in the previous year. In this division also, exports to the USA formed major share of the export turnover.

The sale of sheet metal pulleys has been 34,700 nos, valuing to Rs. 49.61 Lakhs.

(c) Ring Rolling Centre (RRC) :

Members might recall that the Company had filed a legal suit in German court, to recover a suitable compensation towards this defective machine. As informed in the last report, an out-of-court settlement was reached with the machinery supplier and the machine was returned to them in January 2003, against the compensation of Euro 3,00,000/-. Also, the legal suit was then withdrawn totally.

5. FUTURE PROSPECTS :

The auto industry and consequently, the auto-ancillary industry is reviving in both, India and abroad. The existing customers continued to increase their offtake steadily. Your Company will have to face the following challenges in future:

- a) Constant price reduction pressures from domestic as well as from overseas customers. Considering the competition and the market trends, your Company will have to accept a price reduction to some extent.
- b) The stronger Indian Rupee vis-a-vis the US Dollar.
- c) Continuous increase in the input prices i.e. steel, electricity, labour, etc.

The above challenges will have some impact on the value of exports and profits respectively. In spite of this, growth of about 15% in the exports of Bearings Division is expected in the current year i.e. 2003-04.

Starter Gear Division continues to cater majority of the auto giants in the domestic market. Despite competition, domestic sales of this division are expected to remain around the existing level. As informed in the last Annual Report, one of the customers in the US has increased his offtake since February 2003. Despatches to all other overseas customers continue at the same volume. Hence, growth of about 30% is expected in exports.



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The production and sale of two part nos. of Profile Formed Sheet Metal Pulleys was established during the year under report. During the current year, we expect to introduce production of two more part nos. Pulleys manufactured with the new process are being slowly accepted by its users. We have targeted to add one more customer during the current year.

Considering all the above, an overall growth of about 15% over the last year's sales is expected in the current year.

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

We are pleased to inform that the relations between the workmen and the Company improved substantially during the year under report and the same is evident from the increased level of production in both the divisions. The new union is yet to obtain recognition. However, during the year under report, the wage settlement agreement was finalised in the SGD. Discussions are in progress to finalise the wage settlement agreement in SBD.

7. **SUBSIDIARY COMPANY IN USA :**

The wholly owned subsidiary Company namely R&A Logistics Inc. continues to cater to most of our customers in the US. 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 :**

During the year under Report, the Managing Director Mr. D. K. Kohok resigned. The Board places on records, his invaluable contribution in building up the Company during his long association and wishes him every success in all his future endeavours.

The Members are informed with profound grief, about the sad demise of our Director Mr. John E. Wall. The Board places on the records, his valuable contribution and guidance particularly to initiate and increase the exports of bearings in the US market. The Board prays for his soul to remain in peace.

To fill up this vacancy, the Board has appointed his son, Mr. Dave Wall as an Additional Director. We welcome Mr. Dave Wall whose rich experience in the Water pumps manufacturing and marketing in the US will help us a lot in coming days.

M/s. S. P. Karandikar, C. M. Bhide, and O. K. Vasudevan retire by rotation and being eligible offer themselves for reappointment.

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;