

GARWARE-WALL ROPES LIMITED

35th Annual Report 2011-2012



Delivering Solutions, Adding Value

INSIDE



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Chairman's Desk



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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.

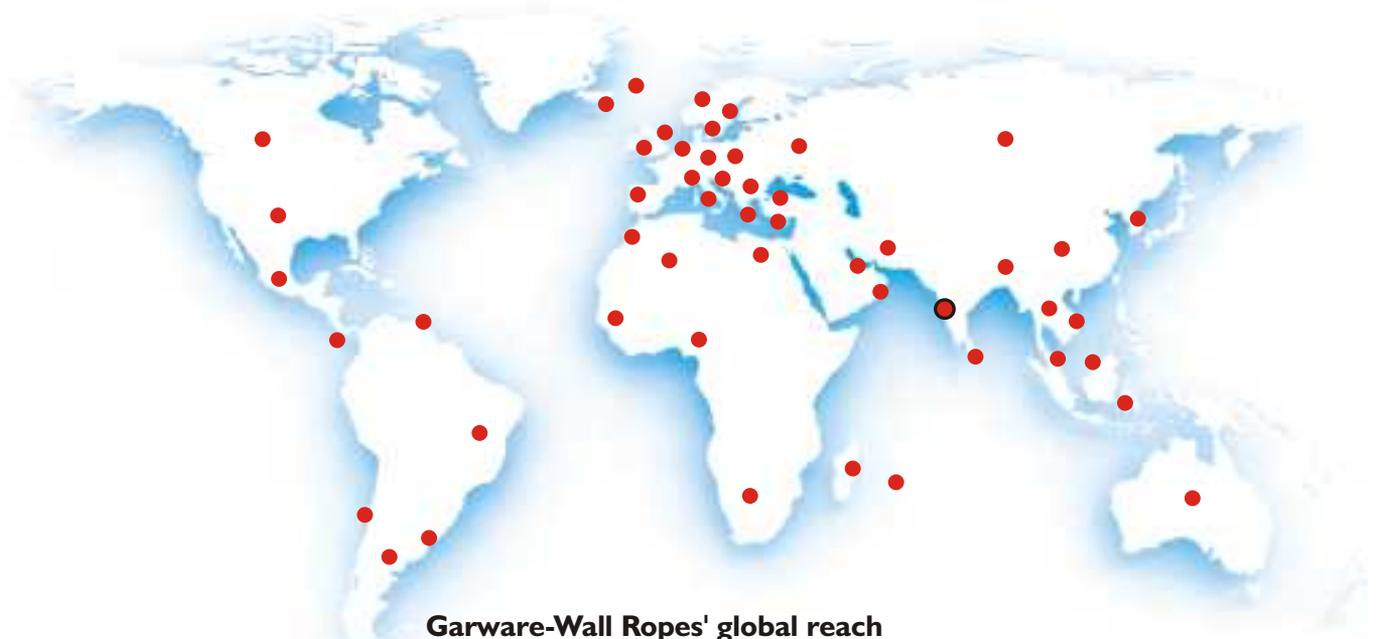
VALUES

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	933.88
	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

B. Total Foreign Exchange used:

a) Import of raw material stores & spares, traded goods and capital goods	5,630.68
b) Expenditure in foreign currencies, for business travel, subscription, professional fees, commission on export sales, and overseas branch expenses, etc.	814.60
	6,445.28

On behalf of the Board of Directors,

Mumbai,
28th May, 2012**V. R. GARWARE**
Chairman & Managing Director**ANNEXURE II TO DIRECTORS' REPORT**

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules 1975, as amended and forming part of the Directors' Report for the year ended 31st March, 2012.

Information of the employees who are / were in the employment of the Company for entire year:

Sr. No.	Name of the Employee	Remuneration Received ₹	Designation	Qualification	Age in years	Experience in Years	Date of Commencement of Employment	Last Employment held, Name of Employer, Post held & Period
1.	Mr. V. R. Garware	7,807,019	Chairman & Managing Director*	Graduate Cum Laude in BSc Economics (Specialisation in Finance) from Wharton Business School of University of Pennsylvania, U.S.A.	40	16	07.12.1995	—
2.	Mr. P. M. Chandrachud	7,381,703	President (U.S.A. Br.)	B.E	61	38	10.1.1998	—
3.	Mr. M. V. Subbarao	6,654,499	President	B.Tech., Madras, Post Graduate Diploma in Business Management from XLRI, Jamshedpur	61	32	11.12.2002	Pidilite Industries Ltd., President-Business Planning

Information of the employees who were / are in the employment of the Company for part of the year:

Sr. No.	Name of the Employee	Remuneration Received ₹	Designation	Qualification	Age in years	Experience in Years	Date of Commencement of Employment	Last Employment held, Name of Employer, Post held & Period
1.	Mr. R. B. Garware	3,754,081	Chairman & Managing Director**	Educated in a Public School called Dulwich College, U.K., Graduated with Honors Degree in Moral Sciences & Law from Jesus College, Cambridge, Brief Course in French at Sorbonne in Paris.	71	48	01.11.2006	—

Notes:

1. Remuneration received includes Salary, House Rent Allowance, Company's contribution to Provident Fund / Family Pension Fund, Superannuation, Bonus, Medical Benefits, LTA & other perquisites.
 2. In addition to the above remuneration, employees are entitled to Gratuity in accordance with the Company's rules.
 3. Designation represents nature of duties.
 4. The nature of the employment in all cases is contractual.
 5. Mr. R. B. Garware and Mr. V. R. Garware are related to each other and both are also related to Ms. Diya Garware Ibanez, Director.
- * Mr. V. R. Garware, Whole-time Director of the Company, was elevated as Chairman and Managing Director with effect from 7th November, 2011.
** Upto 31st October, 2011

On behalf of the Board of Directors,

Mumbai,
28th May, 2012**V. R. GARWARE**
Chairman & Managing Director



Management Discussion and Analysis

Overview of Company

Your Company, Garware-Wall Ropes Ltd. (GWRL), is one of the leading providers of technical-textile solutions for fishing, mooring, sports, habitat, infrastructure, agriculture, transportation and defence sectors. Using a variety of polymers, the Company manufactures a range of fishing nets, aquaculture cages, ropes and rope articles, sports nets, yarns, nets and other products for high-value agriculture, coated fabrics and geotextile solutions. The Company has two major manufacturing plants: at Chinchwad and Wai, in Western Maharashtra.

Your Company's mission is to *provide innovative, application focused solutions to enhance value of our customers globally*. Towards this end, your Company has been continuously engaged in product innovation to add value to customers' businesses. The Company's portfolio of application focused solutions includes products to improve fish catch, protect aquaculture farms from predators, increase yield of high-value crops and prevent land erosion.

Your Company has a large base of loyal customers across all continents of the world. End-users include fishermen, farmers, engineers, oil drillers, packers, transporters, construction companies, municipalities, government organisations, shipping companies, and manufacturing plants. Customer loyalty is growing as the solutions provided by your Company are making customer's operations easier, more efficient and profitable.

Demand for the Company's products is serviced through a network of distributors and agents around the world, as well as through depots and branches spread across India, a sales office in USA, and sales representatives in UK and Russia.

While your Company's products have been dominant leaders in the Indian market for decades, it has steadily increased its international market share. In the last decade, the Company has made significant inroads in demanding overseas markets, from New Zealand to Norway and from Scotland to South America. At present, the volume of business done by your Company in India and overseas is almost equal.

The spread across geographies and applications portends well for your Company. While the fishing sector has traditionally contributed the bulk of your Company's sales revenue and continues to be the core business, introduction of new products and expanding international presence is strengthening stability of revenues and profitability.

Business Environment in FY 2011-12

Growing global presence has inevitably meant that your Company's performance is influenced by international trends. In the year under review, the European economic crisis led to overall stagnant demand in this market. However, your Company leveraged its quality and price advantages and maintained growth in this market.

The Indian economy was marked by slowdown, which was compounded by a high interest-rate regime. A cyclical dip in domestic fishery impacted the demand for products and services in this sector. Laggard growth in the infrastructure sector affected your Company's geotextiles business, where we were compelled to adopt a cautious approach while pursuing new orders. The impact of these negative factors was largely offset by growth in the global market, enabling the Company to maintain overall steady growth.

Opportunities and Threats

GWRL sees opportunities in domestic market segments such as industrial applications, transportation, agriculture and infrastructure development, and global opportunities in fishery, aquaculture and sports sectors. The diversified customer base in several verticals throws up opportunities not only for existing products but also for products across verticals. For instance, coated fabrics are used in transportation, construction and aquaculture; and geotextiles are used in diverse locations: sea coasts, highways, buildings and factories.

While your Company has traditionally leveraged the quality of its branded products to command a premium in the domestic market, increasing recognition for India as an innovation and technology-driver is widening the doors for your Company's value-added products in global markets.

The demand and supply position in the global aquaculture sector shows over-supply after almost a decade of robust growth. However, this situation is expected to be reversed over the next year, and innovative and unique solutions position us strongly to cater to renewed demand. Our fuel-saving solutions for the trawl market are receiving good response with extensive trialing of our products. The sports segment continues to be a large and expanding market.

In the domestic market, the fishery sector is marked by cyclical swings and currently, there is sluggish growth in demand.

Your Company also has established presence in the domestic shipping and defence sectors. Shipping companies are looking at the benefits of lightweight mooring solutions offered by us. Defence services have begun to trial our innovative solutions for a range of uses.

The domestic market for industrial products is large and your Company sees good scope to expand its

penetration. Likewise, coated fabrics and agriculture are market segments with great potential. However, demand will take some time to mature as the technology is new in the country and is getting established. In a developing country like India, business opportunities for geotextiles are enormous due to the intrinsic advantages of these solutions. However, the realization of this potential is highly dependent on favourable government policies and initiatives to boost infrastructure development.

Polymers constitute a high percentage of our product costs and volatility of polymer prices has a major bearing on our prices. While we have been able to pass on price escalations, albeit with a time lag, raw material costs are reaching record levels and as a result, margins are under pressure. Fluctuating exchange rates impact export-oriented industry but our balanced share of domestic and export sales, and co-relation of costs of locally procured raw material with international prices and exchange-rate parity, provide us with a natural hedge.

Company's Performance in FY2011-12

GWRL registered revenue of ₹ 580.82 crores for the year ended 31st March, 2012, an increase of 15.9% over the previous year's revenue. Export revenue accounted for 42.3% of the total revenue. Compared to the previous year, export sales rose by 38.2%. Noteworthy growth was achieved in the North European and North American markets. Profit after tax in the year under review was ₹ 24.01 crores, registering a nominal decrease of 2% over the previous year.

Profitability was affected by steep increases in cost of raw materials, interest, power, labour and transportation. Your Company also finalized new wage agreements with workers' unions. While the Company has been able to pass on cost increases in most customer segments, slowdown in the domestic fishery sector and global aquaculture, which are our core business areas,



pulled down profitability. To mitigate cost increases, your Company took several measures to improve productivity and efficiency in use of power.

Plateena products, which are stronger than steel and lightweight, received good response from customers in Alaska, New Zealand, the Indian Navy, and shipping companies, for very critical applications. New fibres developed by your Company have performed very well and promise strong potential. Domestic fishery and industrial products were affected by seasonal changes and high prices. Business volumes of fabricated and fully assembled fishery products grew significantly.

Key Financial Indicators

- The Operating Profit Ratio of the Company is 4.94%
- The Current Ratio of the Company is 1.48
- The Company has a debt-equity ratio of 0.56

Risks and Concerns

Raw material, power and labour are critical inputs to your Company's products. A highly inflationary trend was witnessed in these three cost elements in the year under review. Though the major portion of increased cost was passed on, or mitigated with improved efficiency and productivity, the challenge has not been completely overcome, as cost pressures are likely to continue. While your Company has been able to largely pass on rises in costs because of its premium quality and branding, it faces the challenge of reducing operational costs without compromising on quality.

As international sales constitute around 40% of your Company's sales, the unresolved Eurozone crisis is a matter of concern. Should the situation persist for long, your Company may encounter stagnant growth in this market. Unpredictability in the domestic fishing sector remains a matter of concern.

Internal Control Systems

Your Company has elaborate and robust systems to closely monitor pricing, handle credit risk, monitor fixed and variable costs, and calibrate costs with prices. Together, these systems help the Company effectively mitigate financial risks. While a well-aligned management team addresses business opportunities, a rigorous budgetary control system ensures tight control over new market forays. Your Company has also taken steps to ensure that dealers have a healthy credit status.

Human Resources Management

Your Company is proud of the men and women who have been a part of its progress over the decades and continue to bring new energies, commitment and values to address emerging opportunities and challenges. Many initiatives have been taken to reward excellence shown by individuals and teams. Thirty employees who demonstrated exemplary efforts and commitment received "Employee of the Month" awards. To strengthen the family bond between employees, several events are organised regularly. Picnics, blood donation camps, and celebration of some festivals help maintain the atmosphere of warmth and cordiality. Events like educational visits, workshops in making science toys and career guidance sessions are organised for the benefit of employees' children. Initiatives are also taken to strengthen the bonds with business partners.

Cautionary Statement:

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed or implied.



Adding Value through Application-focused Solutions



Garware-Wall Ropes Ltd. (GWRL) provides a range of technical-textile solutions across industry sectors and application areas. The solutions are developed through proactive response to emerging customer needs and changing market dynamics. Working closely with customers and end-users, GWRL designs generic as well as bespoke solutions that provide critical benefits. Typically, GWRL solutions speed up operations, reduce recurring costs, provide higher strength with lower weight, or provide longer durability. The overall benefit for customers is enhanced value. GWRL solutions also address environmental concerns, including optimum use of available natural resources. Showcased in the next few pages are some innovative, application-focused GWRL solutions introduced in 2011-12.

Increasing Returns from Fishing



Fisheries is GWRL's core business sector and the Company has continuously evolved new products to help customers realise higher value. One of the latest offerings is **'Garfil Star', a next-gen net for trawling**. Made from a specially engineered and patented multi-mono polyolefin yarn, 'Garfil Star' offers high tenacity and strength with lower weight and diameter. With a smooth, highly abrasion-resistant surface, the net has lower drag. The combination of these features translates into direct economic benefits. The customer's vessel moves faster and consumes less fuel, the net gets opened wider and more fish are caught. The net also has longer life.

'Garfil Star's' superior performance was tested using sensors – a first in India – and has been attested by a growing number of customers in India and abroad. With rising fuel costs, the product promises to be one of GWRL's 'star' performers.



Another innovative offering from GWRL is **'Rocky', a netting developed specially for fishing in sea beds with a rocky bottom** – as around Kanyakumari at the southern tip of India. Made from specific twine through a unique net-making process, 'Rocky' has the abrasion-resistance to withstand such harsh environments. Developed to meet demand from fishermen for a tough and long-life net, 'Rocky' is a fine example of GWRL's customer-responsiveness.

Boosting Aquaculture



Development of aquaculture has been identified as a thrust area by the Government of India, for ensuring sustainable and profitable fishing in the country. Responding to the challenge, GWRL has developed a range of aquaculture cages for the domestic market. Working in collaboration with various government research institutions, **GWRL has developed cages for specific species.** Specific designs have also been made for use in inland conditions, such as dam backwaters. Made from high-strength polyolefin yarn, with optimum strength, weight and abrasion-resistance characteristics, the cages are already in use at many locations, in Kerala, Tamil Nadu, and the Andaman and Nicobar islands.

In the international aquaculture market, where the Company has a sizable presence, **GWRL addressed a major problem faced by customers: attacks by predators like sharks and sea lions,** which

bite into valuable fish. After doing detailed video surveillance of predator habits, **the Company developed a unique protection net, 'Sapphire Ultra Core', which is cut-resistant, stiff yet not rigid, easy to handle and safe to use.** These characteristics were derived by developing a braided net with metal wires and a hot melt core. The bonding of the elements ensures that predators cannot bite into the net. The hot melt cover over the wires prevents corrosion. It also minimises ingress of dirt and sand. The net is easy to remove and clean.



A Strong Substitute for Steel Ropes



Conventionally, steel-wire ropes are used in trawl winches. The ropes are heavy – two coils of a 650m rope of 10mm diameter weigh 450kg – and difficult to handle. Due to constant exposure to saline water, the ropes corrode fast. The wires have to be greased frequently. This involves heavy labour and cost. Moreover, the procedure leaves environmentally harmful oil traces in water.

GWRL has developed an efficient solution to these problems. **As strong as steel, the Company's 'Plateena' brand winch-ropes are easy to handle,**

GARWARE
PLATEENA

have longer life and require no oiling or greasing. The ropes can be easily spliced or repaired on board. That means, there's no loss of fishing hours. With no protruding wires, the ropes are also safe to use with bare hands.



GWRL has supplied 'Plateena' ropes to a high-surge port, where they are used on Rolls Royce automated winches for mooring of large vessels, especially in the monsoon. **The Indian Navy is testing 'Plateena'** to replace conventional polypropylene ropes.

'Plateena' ropes also find applications globally in shipping and mining.

Leveraging the Potential of Coated Fabrics



Fabrics coated with materials like PVC, polyurethane, acrylic and rubber are used in a variety of ways in transportation, sports, furniture, industrial applications, protective clothing, wall-coverings, awnings and tents. **GWRL has made significant inroads in this market, with products tailor-made for applications.** The product portfolio was expanded in 2011-12, especially in the transportation and sport segment. GWRL's variety of offerings for the sports segment, such as mats, bands and bags, meet international norms specifying zero presence of metals and phthalate.

The potential of coated fabrics has been leveraged for the benefit of the Indian defence forces. Working in association with defence research organisations, GWRL is developing a surveillance balloon made from PVC-coated polyester fabric; and large domes, supported by air pressure, to provide metal-free housing for radars.

GWRL is also engineering coated-fabric solutions in response to specific customer problems:

- **A barrier to prevent ingress of sea lice, and other insects and germs that seriously affect fish-farm production.**
- **A tarp to prevent inflow of planktons – microscopic organisms that affect the health of fish – from an aquaculture farm.**

Improving Agricultural Productivity



While the first Green Revolution in India was marked by introduction of improved crop varieties for higher yields, the emerging **second Green Revolution** is focused on **maximising production from limited land and water resources**. **GWRL is offering high-quality, UV-stabilised nets for a variety of applications:** protection from harsh sunlight, hail or birds, and for sericulture and floriculture. Made from HDPE monofilament yarn, the nets are environment-friendly. Available in different colours and shade-factors, GWRL shade nets protect high-value crops and provide a suitable micro-climate.

GWRL has also used its expertise to develop alternative products for the agriculture sector. For example, it has developed a polyolefin alternative to crop-support stakes made from corrosive materials.

GWRL is working with research institutions to study the effects of different types of nets on production of different species.



Eco-friendly Geosynthetic Solutions



GWRL is a pioneering developer of geosynthetic solutions for a variety of applications across industry sectors and geographical locations. One such innovation, **Garmat**, is a high-performance

product specifically engineered to solve erosion-control problems on soil surfaces of slopes and embankments.

Erosion due to action of wind and water, coupled with lack of vegetative cover, leads to formation of rills and eventually, to the sliding away of a slope. Garmat, a composite geo-mat, prevents this through innovative materials engineering. The mat has a layer of bio-degradable mulching material made from coir, which is sandwiched between two layers of polymer netting. The mulching material by itself provides a high level of protection to slopes. Simultaneously, it promotes growth of vegetation by retaining moisture and by conditioning the soil below. The polymer nets provide a good support system for roots of grasses and other plants that grow through the mat. As the root system grows, it intertwines with the nets and the intertwined root-net system effectively prevents soil erosion. **This ingenious solution, installed along the Kundali-Manesar-Palewal (KMP) expressway in Haryana, has proved to be an excellent alternative to conventional methods of slope protection** like stone pitching and shotcreting. It is faster and easier to install, and in the long run, it is technically and economically superior. Importantly, it is also eco-friendly.



ANNEXURE TO DIRECTORS' REPORT: CORPORATE GOVERNANCE REPORT

Your Company has already complied with the mandatory requirements on Corporate Governance of Clause 49 of the Listing Agreements. A detailed report is set out below.

I. MANDATORY REQUIREMENTS

1) PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company's philosophy on Corporate Governance aims at adopting and practising prudent corporate practices, while achieving Company's business objectives in a way that serves the interest of all stakeholders. Towards this, the Company has adopted the practices mandated in Clause 49 of the Listing Agreement.

2) BOARD OF DIRECTORS

i. Composition:

Sr. No.	Name of Director	Designation	Position
1	Mr. R. B. Garware*	Chairman & Managing Director	Promoter - Executive
2	Mr. V. R. Garware**	Chairman & Managing Director	Promoter - Executive
3	Mr. S. M. Kuvelker	Vice-Chairman	Independent - Non-Executive
4	Dr. V. B. Lele	Director	Independent - Non-Executive
5	Mr. S. N. Talwar	Alternate Director to Dr. V. B. Lele	Independent - Non-Executive
6	Ms. Diya Garware Ibanez	Director	Promoter - Non-Executive
7	Mr. R. M. Telang	Director	Independent - Non-Executive
8	Mr. S. P. Kulkarni	Director	Independent - Non-Executive

* Mr. R. B. Garware was holding office of Chairman and Managing Director upto 31st October, 2011. He resigned as Director with effect from 7th November, 2011.

** Mr. V. R. Garware, Whole-time Director was elevated as Chairman & Managing Director of the Company with effect from 7th November, 2011.

ii. Attendance at the meetings of the Board of Directors and last Annual General Meeting and details of memberships of Directors in other Boards and Board Committees.

● Four meetings of the Board were held during the financial year - on 28th May, 2011, 5th August, 2011, 7th November, 2011 and 3rd February, 2012.

Name of Director	No of Board Meetings attended	Sitting Fees paid (₹)	Whether attended last A.G.M.	Directorships in other Companies and Membership of Committees and post held in committees as on 31st March, 2012			No of Equity Shares held as on 31st March, 2012
				Other Boards	Other Board committees		
					Chairman	Member	
Mr. R. B. Garware	2	N.A.	No	3	---	---	24,31,730
Mr. V. R. Garware	4	N.A.	Yes	3	---	---	17,763
Mr. S. M. Kuvelker	4	80,000	Yes	5	3	1	29,358
Dr. V. B. Lele	---	---	---	---	---	---	1,001
Mr. S. N. Talwar	4	80,000	Yes	18	6	10	14,595
Ms. Diya Garware Ibanez	1	20,000	Yes	5	---	---	1,001
Mr. R. M. Telang	4	80,000	Yes	2	---	1	200
Mr. S. P. Kulkarni	4	80,000	Yes	2	---	---	---

Note 1: Excludes Foreign Companies, Private Limited Companies and Alternate Directorships.

Note 2: Only Remuneration Committee, Audit Committee and Shareholders/Investors Grievance Committee are reckoned for this purpose.

3) AUDIT COMMITTEE

i. Constitution

Terms of Reference of the Audit Committee have been set out in accordance with the requirements of Clause 49 of the Listing Agreements, and Section 292A of the Companies Act, 1956, as amended from time to time.

ii. Composition

The composition of the Audit Committee is as follows:

Chairman - Mr. S. M. Kuvelker
 Members - Mr. R. B. Garware*
 Mr. V. R. Garware**
 Mr. S. P. Kulkarni

Two members are Non-executive Directors and one is an Executive Director. All members are financially literate and two of them are Independent Directors. The Chairman of Audit Committee is an Independent Director, a Chartered Accountant, having accounting and financial management expertise.

* upto 7th November, 2011

** with effect from 8th November, 2011

iii. Meetings and Attendance

The details of meetings held during the year, and the attendance thereat, are as follows:

- Four meetings of the Audit Committee were held during the financial year - on 28th May, 2011, 5th August, 2011, 7th November, 2011, and 3rd February, 2012.

Name of Member	No. of meetings attended	Sitting fees paid (₹)
Mr. S. M. Kuvelker	4	80,000
Mr. R. B. Garware	2	N.A.
Mr. V. R. Garware	1	N.A.
Mr. S. P. Kulkarni	4	80,000

Mr. S. H. Bamne, Vice President - Corporate, who looks after Internal Audit Department, attended one meeting. The Statutory Auditors of the Company attended all four meetings. The Company Secretary acted as Secretary to the Committee.

4) REMUNERATION COMMITTEE/REMUNERATION – COMPENSATION OF DIRECTORS

The Board has not constituted a Remuneration Committee during the year. All matters relating to review and approval of compensation payable to the Executive and Non-Executive Directors are considered by the Board as prescribed under the Companies Act, 1956, within the overall limits approved by the members.

i. Non-executive Directors' compensation

The remuneration of Non-Executive Directors is decided by the Board of Directors. At present, only sitting fees are paid to Non-Executive Directors. The payment of sitting fees is within the limits prescribed under the Companies Act, 1956.

During the year, the Company paid fees of ₹ 1,27,051/- towards professional services to M/s Talwar, Thakore & Associates; Solicitors and Advocates in which Mr. S. N. Talwar, Alternate Director of the Company is a partner.

ii. Executive Directors' remuneration

A. Mr. R. B. Garware was Chairman & Managing Director of the Company upto 31st October, 2011 and remuneration paid to him was in accordance with the approval given by members of the Company at the Extra-ordinary General Meeting held on 16th December, 2006. The details are as under:

a. Salary: Basic Salary of ₹ 25,00,000/- per annum.

Perquisites in the form of reimbursement or allowance, which include rent-free fully-furnished accommodation or HRA, medical expenses, LTA, health insurance policies coverage.



Provident Fund, Employees Pension Scheme and Superannuation as per Company's Rules. Gratuity as per the Scheme for Senior Executives.

Car with a driver for Company's business and telephone and other communication facilities, which are not to be considered as Perquisites.

- b. Performance-linked Incentives: Not applicable.
- c. Remuneration by way of commission, as shall be determined by the Board of Directors every year, such that total remuneration shall not exceed 5% of Net Profit, as per the provisions of Section 198 read with Section 309 of the Companies Act, 1956.
- d. Notice period: 90 days.
- e. Stock option details: Not applicable.

- B. Mr. V. R. Garware, Chairman and Managing Director is the Executive Director. Mr. V. R. Garware was re-appointed as Chairman and Managing Director for a further period of 5 years with effect from 1st December, 2011 and his appointment and terms thereof including remuneration was approved by the members of the Company, by voting through Postal Ballot held in December 2011.

The Agreement relating to the terms of said appointment, including remuneration, was entered into with Mr. V. R. Garware by the Company, on 3rd February, 2012. Particulars of the remuneration are detailed below:

- a. Salary: Basic Salary of ₹ 40,00,000/- per annum.

Perquisites in the form of reimbursement or allowance, which include rent-free fully-furnished accommodation or HRA, medical expenses, LTA, health insurance policies coverage.

Provident Fund, Employees Pension Scheme and Superannuation as per Company's Rules. Gratuity as per the Scheme for Senior Executives.

Car with a driver for Company's business and telephone and other communication facilities, which are not to be considered as Perquisites.

- b. Special Allowance: ₹ 6,53,000/- per annum.
- c. Performance-linked Incentives: Not applicable.
- d. Remuneration by way of commission, as shall be determined by the Board of Directors every year such that total remuneration shall not exceed 5% of Net Profit as per the provisions of Section 198 read with Section 309 of the Companies Act, 1956.
- e. Notice period: 90 days.
- f. Stock option details: Not applicable.

5) SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

- i. The Shareholders' / Investors' Grievances and Share Transfer Committee was headed by Mr. S. M. Kuvelker. The other two members are Mr. V. R. Garware and Mr. R. M. Telang.
- ii. During the year, thirteen (13) meetings of the Shareholders' / Investors' Grievances and Share Transfer Committee were held.
- iii. Mr. A. S. Wagle, Company Secretary, is working as Compliance Officer for ensuring secretarial compliance.
- iv. The Committee reviews the system of dealing with and responding to correspondence from the shareholders. The complaint letters received from the Stock Exchanges, SEBI, Department of Company Affairs and quality of responses thereto are also reviewed by this Committee.
- v. There were no complaints received during the year. Communications received were replied / resolved satisfactorily.
- vi. There were no unresolved / unattended communications / complaints of shareholders received upto 31st March, 2012.
- vii. There were no pending share transfers as of 31st March, 2012.
- viii. The Share Transfer Agent, M/s. Link Intime India Private Limited, has been authorized to authenticate all routine transfers, transmission and transposition of Share Certificates. Presently, transfers, transmissions etc., are effected within 30 days.

6) GENERAL BODY MEETINGS

i. Details of location and time of holding the last three Annual General Meetings:

Date	Time	Venue of the meetings
Friday, 26th September, 2009	10.30 a.m.	Prof. Ramkrishna More Auditorium, Opp. TELCO, Chinchwad, Pune 411 033
Saturday, 18th September, 2010	10.30 a.m.	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
Saturday, 24th September, 2011	10.30 a.m.	

One Special Resolution was passed at the Annual General Meeting held on Saturday, 24th September, 2011, relating to alteration of Articles of Association of the Company in respect of:

- 1) Nomination of shares
- 2) Passing of Resolutions through Postal Ballot
- 3) Chairman of the Board of Directors, to chair General Meetings
- 4) Chairman of the Board Meeting, in absence of Chairman of Board of Directors

ii. Resolutions Passed by Postal Ballot:

On 29th December, 2011, the shareholders passed special resolutions on the following subject matter, by way of postal ballot.

Resolution No.	Subject matter
1.	Alteration of the Articles of Association of the Company to include new provision relating to appointment of Chairman Emeritus.
2.	Elevation of Mr. V. R. Garware, as a Managing Director with designation as Chairman and Managing Director, effective from 7th November, 2011, for a remainder period of his tenure ending on 30th November, 2011.
3.	Re-appointment of Mr. V. R. Garware, as a Managing Director, to be designated as Chairman and Managing Director, for a period of five years effective from 1st December, 2011.
4.	Appointment of Mr. R. B. Garware, to hold an office or place of profit under the Company as a "Corporate Advisor", for a period of five years effective from 7th November, 2011.

Details of Voting Pattern are as below:

- 1) Total No. of Shareholders: 13351
- 2) Total No. of Shareholders to whom Postal Ballots sent: 13351

Mr. S. V. Deulkar, proprietor of M/s. S. V. Deulkar & Co. was appointed as a Scrutinizer to conduct the said Postal Ballot, who submitted his report on 28th December, 2011.

Based upon the Scrutinizer Report, the results of the Postal Ballot as detailed below, were declared by Mr. V. R. Garware, Chairman and Managing Director on 29th December, 2011:

Particulars	Resolution No. 1		Resolution No. 2		Resolution No. 3		Resolution No. 4	
	Shares	Nos./ Share holders						
Postal Ballot Forms received	12686029	540	12686029	540	12686029	540	12686029	540
Valid Postal Ballot Forms	12681040	523	12664644	515	12664744	516	12664638	514
Votes cast in favour of the Resolution	12655109	498	12638842	489	12635493	485	12631958	475
Votes cast against the Resolution	25931	25	25802	26	29251	31	32680	39
% votes in favour of Resolution	99.80	95.22	99.80	94.95	99.77	93.99	99.74	92.41
% votes against the Resolution	0.20	4.78	0.20	5.05	0.23	6.01	0.26	7.59

iii. As on date, no special resolution is proposed to be conducted through Postal Ballot.



7) DISCLOSURES

- i. There were no materially-significant related-party transactions, which had potential conflict with the interests of the Company at large.
- ii. The Company has complied with the requirements of the Listing Agreements with Stock Exchanges as well as regulations and guidelines of SEBI. Consequently, no penalties were imposed or strictures passed against the Company by SEBI or Stock Exchanges or any statutory authorities during the last three years.
- iii. The Board of Directors have adopted a Code of Conduct for all Board Members and Senior Management of the Company, which came into effect from 1st January, 2006. A copy of the same has been posted at Company's official website. Certificate on compliance is given separately.
- iv. CEO (Chairman and Managing Director), and CFO (Vice President - Corporate), have made the necessary certification on Financial Statements & Cash Flow Statement for the year to the Board of Directors of the Company.
- v. The Board of Directors, on quarterly basis, reviews compliance reports of all laws. There were no instances of non-compliance reported.
- vi. The Company has laid down procedures to inform the Board of Directors about the risk assessment and minimization procedures.
- vii. There were no transactions disclosed to Board by Senior Management relating material financial and commercial nature involving potential conflict of interest with the Company. A statement in summary form of transactions with related parties is placed periodically before the Audit Committee.

8) MEANS OF COMMUNICATION

- i. Apart from publication in leading newspapers, the quarterly Financial Statements as well as annual Financial Statements are posted on the Company's website www.garwareropes.com.
Further, the Quarterly/Half Yearly results and Quarterly shareholding patterns are posted on the Company's website.
- ii. A Management Discussion and Analysis Report is enclosed separately as part of this Annual Report.

9) GENERAL SHAREHOLDER INFORMATION

- i. **35th Annual General Meeting**
 - Date and Time 28th September, 2012, 10.30 a.m.
 - 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.
- ii. **Financial Calendar**
Financial reporting for
 - Quarter ending 30th June, 2012 by 15th August, 2012
 - Quarter ending 30th September, 2012 by 15th November, 2012
 - Quarter ending 31st December, 2012 by 15th February, 2013
 - Quarter ending 31st March, 2013 by 30th May, 2013
- iii. **Book closure date** From 22nd September, 2012 to 28th September, 2012.
(both days inclusive).
- iv. **Dividend payment date** 28th September, 2012 onwards.
- v. **Listing of Equity Shares** The equity shares of the Company are listed on the Pune, Bombay and National Stock Exchanges.
The Listing Fee has been paid up to date, to Pune, Bombay and National Stock Exchanges.

vi. **Stock Code/Symbol**

Pune Stock Exchange Limited	Code No. 9557
Bombay Stock Exchange Limited	Code No. 509557
National Stock Exchange of India Limited	Symbol: GARWALLROP

vii. **Stock Market Data**

The high and low prices recorded on the Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. were as under:

Month	GWRL Share Price (₹)				BSE		NSE	
	At BSE		At NSE		Sensex		S&P CNX Nifty	
	High	Low	High	Low	High	Low	High	Low
Apr 2011	73.05	58.50	74.00	58.80	19,811.14	18,976.19	5,944.45	5,722.25
May 2011	68.00	59.30	70.00	57.60	19,253.87	17,786.13	5,775.25	5,328.70
Jun 2011	65.00	59.15	64.75	58.05	18,873.39	17,314.38	5,657.90	5,195.90
Jul 2011	65.40	60.05	65.50	60.00	19,131.70	18,131.86	5,740.40	5,453.95
Aug 2011	61.80	52.25	64.00	52.00	18,440.07	15,765.53	5,551.90	4,720.00
Sep 2011	61.00	52.65	60.90	52.35	17,211.80	15,801.01	5,169.25	4,758.85
Oct 2011	55.00	51.30	55.00	51.95	17,908.13	15,745.43	5,399.70	4,728.30
Nov 2011	55.00	45.10	59.00	45.50	17,702.26	15,478.69	5,326.45	4,639.10
Dec 2011	54.65	45.00	54.80	42.20	17,003.71	15,135.86	5,099.25	4,531.15
Jan 2012	54.50	44.55	54.50	44.50	17,258.97	15,358.02	5,217.00	4,588.05
Feb 2012	55.00	49.20	55.45	49.20	18,523.78	17,061.55	5,629.95	5,159.00
Mar 2012	52.00	47.50	51.70	47.10	18,040.69	16,920.61	5,499.40	5,135.95

viii. **Share Transfer Agent** (Source: from BSE Website : www.bseindia.com & NSE Website : www.nseindia.com)

LINK INTIME INDIA PRIVATE LIMITED
Akshay Complex, Block No. 202, 2nd Floor,
Off Dhole Patil Road, Near Ganesh Temple, Pune - 411 001.
Tel. 020 - 2616 1629, 2616 0084, Tel/Fax No. 020 - 2616 3503
Email: pune@linkintime.co.in

ix. **Share Transfer System**

The power to approve the transfer of securities has been delegated by the Board to the Shareholders' / Investors' Grievances and Share Transfer Committee. Share transfer requests are processed within 30 days from the date of receipt.

x. (i) **Distribution of Shareholding as on 31st March, 2012.**

Sr. No.	Category		No of share holders	% to total share holders	No of shares held	% to total shares
	From	To				
1	1	to 5,000	13,101	98.22	51,50,946	21.73
2	5,001	to 10,000	120	0.90	8,70,204	3.67
3	10,001	to 20,000	46	0.35	6,53,490	2.76
4	20,001	to 30,000	10	0.07	2,38,378	1.00
5	30,001	to 40,000	10	0.07	3,59,724	1.52
6	40,001	to 50,000	4	0.03	1,89,091	0.80
7	50,001	to 1,00,000	14	0.11	10,31,980	4.35
8	1,00,001	and above	33	0.25	1,52,14,537	64.17
Total			13,338	100.00	2,37,08,350	100.00



(ii) **Pattern of Shareholding as on 31st March, 2012.**

Category code	Category of shareholder	Shareholding details			
		Number of share holders	Total number of shares held	Number of shares held in dematerialised form	As a % of (A+B)
(A)	Shareholding of Promoter and Promoter Group				
(1)	Indian Promoters	18	1,10,42,011	1,10,42,011	46.57
(2)	Foreign Promoters	---	---	---	---
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)	18	1,10,42,011	1,10,42,011	46.57
(B)	Public Shareholding				
(1)	Institutions				
(a)	Indian Institutions	15	15,05,202	12,33,416	6.35
(b)	Foreign Institutions	6	9,08,000	09,08,000	3.83
	Sub-Total (B)(1)	21	24,13,202	21,41,416	10.18
(2)	Non-Institutions				
(a)	Bodies Corporate	311	14,05,530	13,99,235	5.93
(b)	Individual shareholders	12,840	76,92,939	71,03,596	32.45
(c)	Individuals NRI/Foreign Nationals	147	1,56,668	1,50,594	0.66
(d)	Trust	1	9,98,000	0	4.21
	Sub-Total (B)(2)	13,299	1,02,53,137	86,53,425	43.25
	Total Public Shareholding (B) = (B)(1)+(B)(2)	13,320	1,26,66,339	1,07,94,841	53.43
	TOTAL (A)+(B)	13,338	2,37,08,350	2,18,36,852	100.00

Note: No Shares pledged or otherwise encumbered by Promoter and Promoter Group.

xi. **Dematerialization of shares and liquidity**

ISIN No. - INE276A01018

The shares of the Company can be held and traded in electronic form. SEBI has stipulated the shares of the Company for compulsory delivery in dematerialization form only, by all investors from 8th May, 2000. 92.16% shares have already been dematerialized.

The shares of the Company are actively traded on Bombay Stock Exchange Limited & National Stock Exchange of India Limited and have good liquidity.

xii. **Email Addresses**

In order to enable us to further extend our support towards paperless compliance as a part of Green Initiatives in Corporate Governance, which was introduced by MCA in the year 2011, the shareholders who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses.

In respect of shares held in physical form, shareholders are requested to register their e-mail addresses with the Company/R & T Agent. (With Depository Participant in case of shares held in dematerialized form.)

xiii. **Plant Locations**

Plot No. 11, Block D-1,
MIDC, Chinchwad,
Pune - 411 019, Maharashtra
Tel. No. 020 - 3078 0000

Plot No. C-1 & B-226,
MIDC, Wai - 412 803
Dist. Satara, Maharashtra
Tel. No. 02167 - 308301 / 02

Plot No. 75, 80, 81 and 86
Danudyog Sahakari Sangh Ltd.,
Piparia, Amla - 396 230
Tel. No. 0260 - 2640 867

xiv. **Address for correspondence**

The shareholders may send their communications to the Company at its Registered Office mentioned below or directly to the Share Transfer Agent, M/s. Link Intime India Pvt. Ltd.

Company Secretary
Garware-Wall Ropes Limited
Plot No. 11, Block D-I, MIDC,
Chinchwad, Pune - 411 019, Maharashtra
Tel. No. 020 - 3078 0177
Email: secretarial@garwareropes.com

Link Intime India Private Limited
Akshay Complex, Block No. 202, 2nd Floor,
Off Dhole Patil Road, Near Ganesh Temple, Pune - 411 001
Tel. No. 020 - 2616 1629, 2616 0084
Tel/Fax No. 020 - 2616 3503
Email:pune@linkintime.co.in

II. REPORT OF CORPORATE GOVERNANCE

This Chapter of the Annual Report, together with the information given under "Management Discussion and Analysis", constitutes a detailed compliance report on corporate governance during 2011-2012.

DECLARATION BY THE CHIEF EXECUTIVE OFFICER UNDER CLAUSE 49 OF THE LISTING AGREEMENT REGARDING ADHERENCE TO THE CODE OF CONDUCT

In accordance with Clause 49 of the Listing Agreement, I, V. R. Garware, Chairman and Managing Director of the Company hereby declare that all Board Members and Senior Management Personnel of the Company have given the affirmation for the year 2011-2012 on compliance with Code of Conduct of the Company as applicable to them respectively.

For **Garware-Wall Ropes Ltd.**

Pune,
30th April, 2012

V. R. Garware
Chairman and Managing Director

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of GARWARE-WALL ROPES LIMITED

We have examined the compliance of conditions of Corporate Governance by Garware-Wall Ropes Limited, for the year ended 31st March, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we report that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that no Investor Grievances are pending for a period exceeding one month against the Company, as per the records maintained by the Shareholders'/Investors' Grievances and Share Transfer Committee.

We further state that such Compliance Certificate is neither an assurance as to the further viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **Patki & Soman**
Chartered Accountants

Mumbai,
28th May, 2012

S. M. Patki
Partner
M. No. 037315
F. R. No. 107830W



REPORT OF THE AUDITORS

TO THE MEMBERS OF GARWARE-WALL ROPES LIMITED

1. We have audited the attached Balance Sheet of Garware-Wall Ropes Limited as at 31st March, 2012, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. We have to state that these Financial Statements are the responsibility of the Company's management and our responsibility is to express our opinion on these Financial Statements based on our audit.
2. As for the scope and basis for our opinion, we state that we have conducted the audit in accordance with the Auditing Standards generally accepted in India and obtained reasonable assurance about the Financial Statements being free of material misstatements. Our audit includes, wherever necessary, examining on a test basis, the evidence supporting the amounts and disclosures in the Financial Statements and also includes assessing adherence to the Accounting Principles and significant estimates made by the management, as well as evaluating the overall Financial Statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003, as amended by the Companies (Auditors' Report) (Amendment) Order 2004, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such checks of books and records of the Company considered appropriate and according to the information and explanations given to us during the course of the audit, we give in the annexure, a statement on matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to in paragraph (3) above, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account, as required by law, have been kept by the Company so far as appears from our examination of the books. Proper returns adequate for the purposes of our audit have been received from the branch at Tacoma, WA (USA), and the Depots not visited by us;
 - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion and according to the information and explanations given to us, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956;
 - (e) On the basis of written representations received from the Directors, as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the Directors of the Company is disqualified as on 31st March, 2012 from being appointed as Director, in term of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said Financial Statements together with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. in the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2012;
 - ii. in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
 - iii. in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

For **Patki & Soman**
Chartered Accountants

S. M. Patki
Partner

M. No. 037315
F. R. No. 107830W

Mumbai,
28th May, 2012

ANNEXURE REFERRED TO IN PARAGRAPH (3) OF THE AUDITORS' REPORT OF EVEN DATE ON THE ACCOUNTS OF GARWARE-WALL ROPES LIMITED FOR THE YEAR ENDED 31ST MARCH, 2012

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets.
- (b) (1) As per the Company's policy, continuous verification of Fixed Assets is carried out covering the entire Fixed Assets within a period of three years. The same is followed during the year.
- (2) Discrepancies noticed on such verification have been properly dealt with in the books of account.
- (c) Fixed Assets disposed off during the year were not substantial and, therefore, it has not affected the going concern status of the Company.
- (ii) (a) Physical verification of inventory has been conducted at reasonable intervals by the management.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company maintains proper records of inventory. The discrepancies noticed on physical verification of inventory, as compared to the book records, were not material and have been dealt with in the books of account.
- (iii) (a) The Company has not granted secured/unsecured loans to Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) The Company has not taken any secured loans from the Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. However, the Company has taken unsecured loans from such parties. The number of parties and the amount involved in the transactions is as under:

Number of parties	Amount of unsecured loans taken (₹ Lacs) (Balance as at 31 March, 2012 ₹ Nil)
Twelve	2,551.00

- (c) In our opinion, the rate of interest and other terms and conditions of the unsecured loans taken by the Company, are not, prima facie, prejudicial to the interest of the Company.
- (d) In respect of the unsecured loans taken by the Company, where stipulations have been made, the repayments of the principal amount and interest have been regular.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, carried out in accordance with the auditing standards generally accepted in India and according to the information and explanations given to us, we have neither come across nor have we been informed of any continuing failure to correct major weaknesses in the aforesaid internal controls.
- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956, have been recorded in the register required to be maintained under that Section.
- (b) In our opinion and according to the information and explanations given to us, the transactions referred to under sub-clause (a) above have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public during the year and there were no unclaimed deposits matured and or laying unpaid during the year. We are informed that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in respect of public deposit.
- (vii) The Company has an Internal Audit System, which, in our opinion, is commensurate with its size and nature of its business.



- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (ix) (a) According to the information and explanations given to us and the records of the Company examined by us, the Company is regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities. There are no arrears of outstanding statutory dues as at the last day of the financial year for a period of more than six months from the date those became payable.
- (b) According to the information and explanations given to us and the records of the Company examined by us, the quantum of disputed amounts of Sales Tax and Excise Duty outstanding as at the last day of the financial year are as follows:-

Name of the Statute	Nature of Dues	Period to which amount relates	Amount (₹ Lacs)	Forum where dispute is pending
State and Central Sales Tax Acts	Tax interest & penalty for the classification of product & tax rates	1995-96	11.00	High Court, Delhi
		1996-97	21.52	
	Tax, interest & penalty for the rates of tax	1999-00	0.78	Deputy Comm. of Sales Tax (Appeals)- Delhi
	Tax, interest & penalty for the rates of tax	2000-01	3.43	Deputy Comm. of Sales Tax (Appeals)- Delhi
	Tax, interest & penalty for the rates of tax	2001-02	1.65	Deputy Comm. of Sales Tax (Appeals)- Delhi
Central Sales Tax Acts	Tax, interest & penalty for the rates of tax	2002-03	1.29	Deputy Comm. of Sales Tax (Appeals)- Delhi
		2006-07	2.00	Deputy Comm. of Commercial Tax (Appeals) -Chennai
		2007-08	0.48	
		TOTAL	42.15	

Sr. No.	Name of the Statute	Nature of Dues	Amount (₹ Lacs)	Period to which amount relates	Forum where dispute is pending
1	Central Excise Act, 1944	Excise Duty - Computation of duty for clearance from EOU to DTA.	14.85	2002- 03	CESTAT, Mumbai.
2	Central Excise Act, 1944	Excise Duty - Computation of duty for clearance from EOU to DTA.	12.72	2002- 03	CESTAT, Mumbai.
		TOTAL	27.57		

- (x) The Company has no accumulated losses at the end of the financial year and has not incurred any cash losses during the year and in the immediately preceding financial year.

- (xi) The Company has not defaulted in repayment of dues to any financial institution or bank. The Company has no debenture holders.
- (xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities and, therefore, the question of maintenance of documents and records in respect thereof does not arise.
- (xiii) The provisions of any special statute applicable to Chit Fund, Nidhi, Mutual Benefit Fund or a Society are not applicable to the Company.
- (xiv) The Company is dealing in shares, debentures and other investments and proper records of the transactions and contracts are maintained. All the investments are held in the name of the Company.
- (xv) The Company has not given guarantee for loan taken by others from Bank or Financial Institutions during the year.
- (xvi) During the year, the Company has obtained fresh term loan which is used for the purpose for which it was obtained.
- (xvii) On the basis of our examination of the Cash Flow Statement and the information and the explanations given to us, the funds raised on short term basis have not been used for long term investment and vice versa.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares during the year.
- (xix) The Company has not issued any debentures.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) During the course of our examination of the books of the Company carried out by us in accordance with the auditing standards generally accepted in India, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year nor have been informed of such case by the management.

For **Patki & Soman**
Chartered Accountants

S. M. Patki
Partner

M. No. 037315
F. R. No. 107830W

Mumbai,
28th May, 2012


BALANCE SHEET AS AT 31ST MARCH, 2012

		(₹ in lacs)	
	Note No.	As at 31 March 2012	As at 31 March 2011
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	3	2,370.84	2,370.84
(b) Reserves and Surplus	4	<u>22,671.54</u>	<u>21,104.29</u>
		25,042.38	23,475.13
(2) Non-Current Liabilities			
(a) Long-term Borrowings	5	4,200.04	789.26
(b) Deferred Tax Liabilities (Net)	6	1,798.96	1,776.96
(c) Other Long-term Liabilities	7	297.83	279.17
(d) Long-term Provisions	8	<u>145.05</u>	<u>137.25</u>
		6,441.88	2,982.64
(3) Current Liabilities			
(a) Short-term Borrowings	9	8,308.87	10,306.04
(b) Trade Payables	10	5,352.63	4,829.89
(c) Other Current Liabilities	11	4,069.15	3,902.70
(d) Short-term Provisions	12	<u>8,100.24</u>	<u>7,433.50</u>
		25,830.89	26,472.13
TOTAL		<u>57,315.15</u>	<u>52,929.90</u>
II. ASSETS			
(1) Non-current assets			
(a) Fixed Assets	13		
(i) Tangible Assets		15,776.91	14,141.01
(ii) Intangible Assets		873.92	892.14
(iii) Capital Work-in-Progress		<u>334.38</u>	<u>541.84</u>
		16,985.21	15,574.99
(b) Non-current Investments	14	911.96	892.18
(c) Long-term Loan and Advances	15	948.55	1,071.29
(d) Other non-current Assets	16	<u>79.10</u>	<u>83.45</u>
		18,924.81	17,621.91
(2) Current assets			
(a) Inventories	17	12,343.46	13,765.86
(b) Trade Receivables	18	14,955.61	13,419.82
(c) Cash and Cash Equivalents	19	2,353.03	183.67
(d) Short-term Loans and Advances	20	<u>8,738.23</u>	<u>7,938.64</u>
		38,390.33	35,307.99
TOTAL		<u>57,315.15</u>	<u>52,929.90</u>

III. NOTES FORMING PART OF THE FINANCIAL STATEMENT I-47

As Per our Report of even date

 For **PATKI & SOMAN**
Chartered Accountants,

V. R. GARWARE
Chairman & Managing Director

S. M. KUVELKER
Vice-Chairman

(S. M. PATKI)
Partner
M. No. 037315
F. R. No. 107830W

S. N. TALWAR
Director (Alternate to Dr. V. B. Lele)

R. M. TELANG
Director

 Mumbai,
May 28, 2012

A. S. WAGLE
Company Secretary

S. P. KULKARNI
Director

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2012

	Note No.	For the year ended 31 March 2012	(₹ in lacs) For the year ended 31 March 2011
I. Revenue:			
(a) Revenue from Operations	21	58,082.05	50,129.97
Less: Excise Duty		255.23	235.35
		57,826.82	49,894.62
(b) Other Income	22	334.34	236.97
Total Revenue		58,161.16	50,131.59
II. Expenses:			
(a) Cost of Materials Consumed	23	22,703.19	19,928.01
(b) Purchase of Stock in Trade	24	3,116.91	3,577.60
(c) Changes in Inventories of Finished Goods, Work-in-Progress and Traded Goods	25	(638.15)	(1,578.54)
(d) Employee Benefit Expenses	26	7,936.04	6,536.65
(e) Other expenses	27	18,918.22	16,171.09
Total Expenses		52,036.21	44,634.81
Earning before Interest, Tax, Depreciation and Amortization (EBITDA) (I - II)		6,124.95	5,496.78
(f) Depreciation and Amortization Expenses	13	1,601.92	1,483.98
(g) Finance Costs	28	1,317.68	891.58
III. Profit before Tax		3,205.35	3,121.22
IV. Tax expenses			
(a) Current Tax		775.00	620.91
(b) Deferred Tax		22.00	54.18
(c) Wealth Tax		5.50	2.86
(d) Adjustment for short provision of earlier year		2.28	-
V. Profit after Tax for the year		2,400.57	2,443.27
VI. Earning per Equity Share - Basic and Diluted (₹)		10.13	10.31
Weighted average number of Equity Shares		23,708,350	23,708,350
Face Value per Equity Share (₹)		10.00	10.00

VII. NOTES FORMING PART OF THE FINANCIAL STATEMENT I-47

As Per our Report of even date

For **PATKI & SOMAN**
Chartered Accountants,**(S. M. PATKI)**Partner
M. No. 037315
F. R. No. 107830WMumbai,
May 28, 2012**A. S. WAGLE**
Company Secretary**V. R. GARWARE**
Chairman & Managing Director**S. N. TALWAR**
Director (Alternate to Dr. V. B. Lele)**S. P. KULKARNI**
Director**S. M. KUVELKER**
Vice-Chairman**R. M. TELANG**
Director


CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

	(₹ in lacs)	
	For the year ended 31 March 2012	For the year ended 31 March 2011
I. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	3,205.35	3,121.22
Adjustments for :		
Depreciation and Amortisation	1,601.92	1,483.98
Finance Cost	1,317.68	891.58
Interest Income	(91.09)	(10.25)
Dividend Income	(14.41)	(5.25)
Loss on Sale of Fixed Assets	1.05	(0.02)
Provision for Doubtful Debts	20.12	-
Operating Profits before Working Capital Changes	<u>6,040.62</u>	<u>5,481.26</u>
Trade Receivables, Loans and Advances and other Assets	(1,617.11)	(994.86)
Inventories	1,422.40	(4,383.63)
Trade and other Payables	(424.02)	(302.31)
Cash generated from Operations	<u>5,421.89</u>	<u>(199.54)</u>
Taxes paid	(611.16)	163.08
Net Cash provided by Operating Activities	<u>4,810.73</u>	<u>(36.46)</u>
II. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(2,884.43)	(2,489.62)
Product Development Costs	(150.15)	(200.10)
Proceeds from Sale of Fixed Assets	19.30	41.45
Purchase / Sale of Investments	(19.78)	822.92
Finance Cost	(1,294.55)	(909.76)
Interest received	91.09	10.25
Dividend received	14.41	5.25
Net Cash provided by / (used in) Investing Activities	<u>(4,224.11)</u>	<u>(2,719.61)</u>
III. CASH FLOW FROM FINANCING ACTIVITIES		
Repayments of Long-term Borrowings	(644.65)	(1,155.68)
Proceeds from Long-term Borrowings	4,935.09	629.92
Short-term Borrowings	(2,021.70)	3,483.97
Dividends paid including Dividend Tax	(686.00)	(590.14)
Net Cash from Financing Activities	<u>1,582.74</u>	<u>2,368.07</u>
Net Increase/ (Decrease) in Cash & Cash Equivalents	<u>2,169.36</u>	<u>(388.00)</u>

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

	For the year ended 31 March 2012	For the year ended 31 March 2011
Cash & Cash Equivalents (Opening Balance):	183.67	571.67
Cash & Cash Equivalents (Closing Balance):	2,353.03	183.67
Net Increase/ (Decrease) in Cash & Cash Equivalents	<u>2,169.36</u>	<u>(388.00)</u>

IV. NOTES FORMING PART OF THE FINANCIAL STATEMENT I-47

As Per our Report of even date

For **PATKI & SOMAN**
Chartered Accountants,**(S. M. PATKI)**
Partner
M. No. 037315
F. R. No. 107830WMumbai
May 28, 2012**A. S. WAGLE**
Company Secretary**V. R. GARWARE**
Chairman & Managing Director**S. N. TALWAR**
Director (Alternate to Dr. V. B. Lele)**S. P. KULKARNI**
Director**S. M. KUVELKER**
Vice-Chairman**R. M. TELANG**
Director



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

I CORPORATE INFORMATION

Garware-Wall Ropes Limited (the Company) is a public company based in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed at three Stock Exchanges in India. The Company is engaged in manufacturing and selling various technical-textile products such as Ropes, Twine, Yarn, Fishnet, other Nets. The Company also provides solutions to infrastructure sectors including coastal protection, land filling, etc. The Company caters to both domestic and international markets.

2 SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation

The Financial Statements of the Company have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP). The Company has prepared these Financial Statement to comply in all material respects with the Accounting Standards notified under the Companies (Accounting Standard) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956 and the Guidelines issued by the Securities and Exchange Board of India (SEBI). The Financial Statements have been prepared on an accrual basis and under the historical cost convention, except for assets acquired before and revalued during the year ended 30th September, 1985.

The accounting policies adopted in the preparation of Financial Statement are consistent with those of previous year, except for the change in accounting policy explained below.

b. Use of Estimates

The preparation of Financial Statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring materials adjustment to the carrying amounts of assets or liabilities in future periods.

c. Fixed Assets

Fixed Assets are stated at cost of acquisition (subject to revaluation during the year ended 30th September, 1985) less accumulated depreciation. Cost includes all expenses incurred to bring the assets to its present location and condition.

d. Depreciation / Amortisation

Depreciation / Amortisation other than on leasehold land and capital work-in-progress is charged so as to write-off the cost of the assets, on the following basis:

Type of asset	Method	Period / Rate
Freehold Buildings	Written down value	5.00%
Factory Buildings	Written down value	10.00%
Plant and Machinery	Straight-Line	5.28% - 11.31%
Electrical Installations	Straight-Line	7.07%
Furniture & Fixtures	Straight-Line	6.33%
Office Equipments	Straight-Line	4.75% - 16.21%
Vehicles	Straight-Line	9.5% - 11.31%
Helicopter	Straight-Line	5.60%
Technical Knowhow	Straight-Line	10 years
Product Development	Straight-Line	10 years
Computer Software	Straight-Line	5 years

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

e. Impairment

At each Balance Sheet date, the management reviews the carrying amounts of its assets included in each unit to determine whether there is any indication that those assets were impaired. If any such indication exists, the recoverable amount of assets is estimated in order to determine the extent of impairment loss.

f. Investments

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Long term investments are valued at cost less provision, if any, for permanent diminution in the value other than temporary diminution in value. Current investments are valued at the lower of the cost or market value as on the date of the Balance Sheet.

g. Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of various categories of inventories is arrived at as follows:

- a) Stores, spare, fuel & packing materials and raw material - at costs determined on moving weighted average method.
- b) Cost of finished goods and Work-in-progress includes the cost of raw materials, packing materials, an appropriate share of fixed and variable production overheads, excise duty as applicable and other cost incurred in bringing the inventories to their present location and condition. Fixed production overheads are allocated on the basis of normal capacity of production facilities.

Net realisable value is the estimated selling price in the ordinary course of business.

h. Revenue Recognition

Sales excludes amounts recovered towards Sales Taxes and Value Added Taxes (VAT). Domestic Sales are recognised on dispatch of goods from Factory. Export Sales are recognised based on date of Bill of Lading and or Multi Modal Transport Documents on customer acceptance. Excise Duty deducted from Revenue (Gross) is the amount that is included in the Revenue (Gross) and not the entire amount of liability arising during the year.

Revenue from Project Contracts and Services rendered are recognised on the basis of percentage of completion method when works are rendered and related costs are incurred.

Unbilled Revenue represents revenues recognised in excess of the amounts billed as at the Balance Sheet date.

Income from sale of scrap is accounted for on realisation.

Interest Income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest Income is included under the head "Other Income" in the Statement of Profit and Loss.

Dividend Income is recognised when the Company's right to receive dividend is established.

i. Foreign Currency Transactions

Transactions in Foreign Currency are recorded at the exchange rate prevailing on the date of the transaction. Foreign currency denominated current assets and current liabilities at the Balance Sheet date are translated at the exchange rate prevailing on the date of the Balance Sheet. Exchange rate differences resulting from foreign exchange transactions settled during the period, including year-end translation of current assets and liabilities are recognised in the Statement of Profit & Loss, other than those exchange differences arising in relation to liabilities incurred for acquisition of Fixed Assets, which are adjusted to the carrying value of the underlying Fixed Assets.

In respect of forward exchange contracts, except in case of Fixed Assets, the differences between the forward rate and the exchange rate at the inception of the forward exchange contract are recognised as income/expense over the life of the contract.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012**

Hedging instruments are initially measured at fair value, and are remeasured at subsequent reporting dates. Changes in the fair value of these instruments are designated and effective as hedges of future cash flows and are recognised directly in shareholders' funds and the ineffective portion is recognised immediately in the Statement of Profit and Loss.

j. Research and Development

- i) Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognised as an Intangible Asset when the Company can demonstrate all the following:
- > The technical feasibility of completing the Intangible Asset so that it will be available for use or sale
 - > Its intention to complete the Asset
 - > Its ability to use or sell the Asset
 - > How the Asset will generate future economic benefits
 - > The availability of adequate resources to complete the development and to use or sell the Asset
 - > The ability to measure reliably the expenditure attributable to the Intangible Asset during development

Amortisation of the Asset begins on a straight line basis over the period of expected future benefit from the related project, i.e., the estimated useful life of ten years. Amortisation is recognised in the Statement of Profit and Loss. During the period of development, the Asset is tested for impairment annually.

- ii) The Company has in house R&D facilities at Chinchwad and Wai plants, both recognised by the Ministry of Science and Technology, Govt of India (DSIR). It would be endeavour of the Company to achieve the development of new products Ropes, Nettings and Technical Textiles for various different / new applications.
- a) Develop new products to tap new market / customers.
 - b) Develop next generation products for future economic benefit.
 - c) Develop import substitutes with optimising cost and value benefit.
 - d) Improve customer satisfaction with maximizing benefits of the products.

k. Employee Benefits

- i) Defined Contribution Plan

Company's contribution paid / payable during the year to Provident Fund, ESIC, Superannuation Fund etc., are recognised as Expenses in the Statement of Profit and Loss. These are approved / recognised schemes of the Company.

- ii) Defined Benefit Plan

Company's annual liability towards Gratuity is funded on the basis of actuarial valuation furnished by the Life Insurance Corporation of India under Group Gratuity Scheme.

- iii) The undiscounted amount of short-term employee benefit expected to be paid in exchange for the service rendered by employees is recognised during the period when the employee renders the service. These benefits include compensated absences such as paid annual leave and performance incentives.

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as an actuarially determined liability at the present value of the defined benefit obligation at the Balance Sheet date.

l. Borrowing Costs

Borrowing Costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised as an expense in the period in which those are incurred.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

m. Taxation

- a) Current Income Tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India and Tax Laws prevailing in the respective tax jurisdictions where the Company operates.
- b) Deferred Tax Expenses or Benefit is recognised on timing difference being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax Asset and Liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

n. Provisions and Contingencies Liabilities

A provision is recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. A Contingent Liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a Contingent Liability, but discloses its existence in the Financial Statements.

o. Government Grants and Subsidy

Grants and Subsidies from the Government are recognised when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/ subsidy will be received.

Government grants of the nature of promoters' contribution are credited to capital reserve and treated as a part of the Shareholders' Funds.

p. Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the Company has elected to present Earning Before Interest, Tax, Depreciation and Amortisation (EBITDA) as a separate line item on the face of the Statement of Profit and Loss. The Company measures EBITDA on the basis of profit / (loss) from continuing operation. In its measurement, the Company does not include depreciation and amortisation expense, finance costs and tax expense.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

	As at 31 March 2012	(₹ in lacs) As at 31 March 2011
3 SHARE CAPITAL		
(a) Authorised Share Capital		
i) 5,00,00,000 Equity Shares of ₹ 10/- each (31 March 2011 : 5,00,00,000 Equity Shares of ₹ 10/- each)	5,000.00	5,000.00
ii) 1,00,00,000 Unclassified Shares of ₹ 10/- each (31 March 2011 : 1,00,00,000 Unclassified Shares of ₹ 10/- each)	1,000.00	1,000.00
	<u>6,000.00</u>	<u>6,000.00</u>
(b) Issued, Subscribed and Fully Paid-up		
2,37,08,350 Equity Shares of ₹ 10/- each (31 March 2011 : 2,37,08,350 Equity Shares of ₹ 10/- each)	2,370.84	2,370.84
	<u>2,370.84</u>	<u>2,370.84</u>

a) Reconciliation of number of Shares

	As at 31 March 2012		As at 31 March 2011	
	Number of Shares	Amount Rupees	Number of Shares	Amount Rupees
Equity Shares				
Opening Balance	23,708,350	237,083,500	23,708,350	237,083,500
Changes during the year	-	-	-	-
Closing Balance	<u>23,708,350</u>	<u>237,083,500</u>	<u>23,708,350</u>	<u>237,083,500</u>

b) Details of Shareholders' holding more than 5% Shares in the Company

	As at 31 March 2012	As at 31 March 2011
Equity Shares		
Ramesh B. Garware	1,307,038	304,718
	5.51% *	1.29%
Garware Capital Markets Limited	3,453,911	3,443,591
	14.57%	14.52%

* 4.24% Shares are held on behalf of a partnership firm.

c) Shares allotted as fully paid up by way of Bonus Shares (during 5 years preceding 31st March 2012)
Nil

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

	As at 31 March 2012	(₹ in lacs) As at 31 March 2011
4 RESERVES AND SURPLUS		
(a) Capital Reserve	24.75	24.75
(b) Share Premium		
Share Premium Account	7,597.37	7,597.37
Share Premium Related to Forfeited Share	102.74	102.74
(c) Revaluation Reserve		
Balance as per last Financial Statement	10.06	11.10
Less: Transfer to Statement of Profit and Loss	1.04	1.04
	<u>9.02</u>	<u>10.06</u>
(d) General Reserve		
Balance as per last Financial Statement	2,979.07	2,734.07
Add: Transferred from Statement of Profit and Loss	241.00	245.00
	<u>3,220.07</u>	<u>2,979.07</u>
(e) Surplus in Statement of Profit and Loss		
Balance as per last Financial Statement	10,390.30	8,880.91
Add : Profit for the year	2,400.57	2,443.27
Less : Appropriations		
(i) Proposed final Dividend on Equity Shares	592.71	592.71
(ii) Tax on Dividend	96.15	96.17
(iii) Transfer to General Reserve	241.00	245.00
	<u>11,861.01</u>	<u>10,390.30</u>
(f) Hedging Reserve Account		
Balance as per last Financial Statement	-	-
(Deductions) / Additions during the year (net)	(143.42)	-
	<u>(143.42)</u>	<u>-</u>
Total	<u><u>22,671.54</u></u>	<u><u>21,104.29</u></u>


NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

	As at 31 March 2012	(₹ in lacs) As at 31 March 2011
5 LONG-TERM BORROWINGS		
SECURED TERM LOANS		
- From Banks and Financial Institutions		
1. CITI BANK Rupee Loan		
(i) Balance as per last Financial Statement	314.96	629.92
(ii) Current Maturity transfer to other Current Liability	314.96	314.96
	<u>-</u>	<u>314.96</u>
2. IDBI BANK Term Loan under TUFs		
(i) Balance as per last Financial Statement	474.30	685.10
(ii) Current Maturity transfer to other Current Liability	210.80	210.80
	<u>263.50</u>	<u>474.30</u>
3. CITI BANK ECB Term Loan		
(i) Addition during the year	2,643.42	-
(ii) Current Maturity transfer to other Current Liability	165.21	-
	<u>2,478.21</u>	<u>-</u>
4. HDFC BANK Rupee Term Loan		
(i) Addition during the year	2,291.67	-
(ii) Current Maturity transfer to other Current Liability	833.33	-
	<u>1,458.33</u>	<u>-</u>
Balance as on reporting date	5,724.35	1,315.02
Current Maturity transfer to other Current Liability	1,524.30	525.76
Total	<u><u>4,200.04</u></u>	<u><u>789.26</u></u>

Notes :

- CITI Bank Rupee Loan is repayable in 20 quarterly instalments of ₹ 78.74 Lacs each along with interest from 28th January, 2008. This loan is secured by way of hypothecation of the whole of the Plant & Machinery including its moveable Plant & Machinery, Machinery Spares, Tools & Accessories, both present & future on first charge on pari-passu basis with others.
- IDBI Bank Term Loan under TUFs loan is repayable in 20 quarterly instalments of ₹ 52.70 Lacs each along with interest from 31st July, 2009. This loan is secured by way of charge on specific assets financed by the Bank.
- CITI Bank ECB Term Loan is repayable in 16 quarterly instalments of ₹ 156.25 Lacs each along with interest from 26th December, 2012. This loan is secured by way of hypothecation of the whole of the Movable Fixed Assets comprising Plant & Machinery, Computers, Furniture and Fixtures, Machinery Spares, Tools & Accessories and other Assets both present & future on first charge on pari-passu basis with others.
- HDFC Bank Rupee Term Loan is repayable in 12 quarterly instalments of ₹ 208.33 Lacs each along with interest from 4th January, 2012. This loan is secured by way of hypothecation of the Movable Properties including Plant & Machinery, Machinery Spares, Tools & Accessories and other Movables both present & future on first charge on pari-passu basis with others.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

	As at 31 March 2012	(₹ in lacs) As at 31 March 2011
6 DEFERRED TAX LIABILITIES (NET)		
(a) Deferred Tax Liability		
Depreciation and Amortisation	1,962.46	1,874.46
	<u>1,962.46</u>	<u>1,874.46</u>
(b) Deferred Tax Asset		
(i) Employee Benefits	55.46	55.65
(ii) Provision for Doubtful Debts	16.56	10.28
(iii) Others	91.48	31.57
	<u>163.50</u>	<u>97.50</u>
Total	<u>1,798.96</u>	<u>1,776.96</u>
7 OTHER LONG-TERM LIABILITIES		
Other liabilities :		
Deposits from Customers and Contractors	297.83	279.17
Total	<u>297.83</u>	<u>279.17</u>
8 LONG-TERM PROVISIONS		
Provision for Employee Benefits	145.05	137.25
Total	<u>145.05</u>	<u>137.25</u>
9 SHORT-TERM BORROWINGS		
Secured Loans		
- From banks		
1. Cash Credit, Rupee Loan and Rupee Packing Credit	5,237.15	9,191.54
2. Packing Credit in Foreign Currency Loan	2,815.96	1,114.50
Unsecured Loans		
- From bank		
1. Cash Credit, Rupee Loan and Rupee Packing Credit	190.51	-
2. Packing Credit in Foreign Currency Loan	65.25	-
Total	<u>8,308.87</u>	<u>10,306.04</u>

Note :

The above Secured Loans are availed from Consortium Bankers, viz., Bank of India, Bank of Baroda, Bank of Maharashtra, IDBI Bank, HDFC Bank, The Royal Bank of Scotland N.V. and CITI Bank N.A. and are secured by a first charge, pari passu, inter-se, by way of hypothecation of the Company's Current Assets, viz. raw materials, stock-in-process, semi-finished goods, finished goods, stores & spares not relating to Plant & Machinery, bills receivable and book debts and other movables (except for Plant and Machinery secured by way of second charge), both present and future. Except loans from IDBI Bank, HDFC Bank and CITI Bank N.A., the other loans from remaining Consortium Bankers are also secured to the extent of ₹ 8,300 Lacs by Second Charge over the Company's Immoveable Properties, by way of equitable mortgage, ranking pari passu, inter-se. The Cash Credit, Rupee Loan and Rupee Packing Credit (rupee and foreign currency loan) loan is repayable on demand.


NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

	As at 31 March 2012	(₹ in lacs) As at 31 March 2011
10 TRADE PAYABLES		
Trade Payables	5,352.63	4,829.89
Total	<u>5,352.63</u>	<u>4,829.89</u>
11 OTHER CURRENT LIABILITIES		
(a) Current maturity of Long term Debt	1,524.30	525.76
(b) Other Payables	1,576.86	2,462.73
(c) Interest accrued but not due on borrowing	26.86	3.73
(d) Advance received from Customers	914.74	886.94
(e) Unpaid Dividend	26.39	23.54
Total	<u>4,069.15</u>	<u>3,902.70</u>
Other Payables includes:		
(i) Fair value of foreign exchange forward contract secured against Trade Receivables	1,271.75	2,004.44
(ii) Statutory Liabilities	114.93	156.89
(iii) Capital Creditors	27.83	12.32
12 SHORT-TERM PROVISIONS		
(a) Provision for Employee Benefits	283.95	200.09
(b) Others		
(i) Taxation	3,533.97	2,752.06
(ii) Proposed Dividend	592.71	592.71
(iii) Tax on Proposed Dividend	96.15	96.17
(iv) Other provisions	3,593.46	3,792.47
Total	<u>8,100.24</u>	<u>7,433.50</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012
13 FIXED ASSETS

Description	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	Gross Block as at 1 April 2011	Additions	Deletions/ Adjustments	Gross Block as at 31 March 2012	Accumulated as at 1 April 2011	Deletions / Adjustment	Depreciation/ Amortisation for the year	Accumulated as at 31 March 2012	Value as at 31 March 2012	Value as at 31 March 2011
(a) TANGIBLE FIXED ASSETS										
Leasehold Land	104.06	64.56		168.62					168.62	104.06
Buildings	4,594.00	403.96		4,997.96	1,855.42		221.23	2,076.65	2,921.31	2,738.58
Plant and Machinery	19,921.06	2,155.70		22,076.76	10,461.78		957.44	11,419.22	10,657.54	9,459.28
R&D Equipments	1,067.32	192.98		1,260.30	430.67		59.00	489.67	770.63	636.65
Electrical Installations	680.03	14.37		694.40	442.85		22.97	465.82	228.58	237.18
Furniture and Fixtures	441.70	50.93	5.43	487.20	252.56	1.68	18.40	269.28	217.92	189.14
Office Equipments	990.65	61.85	6.79	1,045.71	685.44	3.41	58.11	740.14	305.57	305.21
Vehicles	707.90	141.25	23.52	825.63	308.83	10.29	63.70	362.24	463.39	399.07
Helicopter	508.89	0.00		508.89	437.04		28.50	465.54	43.35	71.85
TOTAL	29,015.61	3,085.60	35.74	32,065.47	14,874.59	15.38	1,429.35	16,288.56	15,776.91	14,141.02
31 March 2011	27,011.25	2,057.70	53.34	29,015.61	13,562.77	11.89	1,323.72	14,874.59	14,141.02	13,448.48
(b) INTANGIBLE ASSETS										
Technical Knowhow	45.96	0.00		45.96	35.24		4.60	39.84	6.12	10.72
Product Development	1,153.67	150.15		1,303.82	371.94		130.38	502.32	801.50	781.73
Computer Software	216.45	5.23		221.68	116.75		38.63	155.38	66.30	99.70
TOTAL	1,416.08	155.38	-	1,571.46	523.93	-	173.61	697.54	873.92	892.15
31 March 2011	1,182.54	233.54	-	1,416.08	362.82	-	161.30	523.93	892.15	819.92
(c) CAPITAL WORK- IN-PROGRESS										
	541.83	334.38	541.83	334.38					334.38	541.83
TOTAL	541.83	334.38	541.83	334.38	-	-	-	-	334.38	541.83
31 March 2011	143.34	541.83	143.34	541.83	-	-	-	-	541.83	143.34
Grand Total	30,973.52	3,575.36	577.57	33,971.31	15,398.52	15.38	1,602.96	16,986.10	16,985.21	15,575.00
31 March 2011	28,337.13	2,833.07	196.68	30,973.52	13,925.39	11.89	1,485.02	15,398.52	15,575.00	14,411.74

Notes:

- Depreciation has been provided on Straight Line Method except in the case of Buildings, which are depreciated on Written Down Value Method, at the rates specified in Schedule XIV to the Companies Act, 1956.
- Cost of Buildings includes ₹ 500/- (Previous year ₹ 500/-) being the cost of shares held in Co-operative Housing Society.
- No amount is written off on leasehold land.
- Depreciation has been provided on SLM single shift method in case of site equipments
- Sales / Adjustments during the year in Plant & Machinery includes ₹ nil (Previous year ₹ 32,68,600/-) received as subsidy under TUFs.
- The Company, in compliance with "AS 26" on Intangible Assets, has recognised the Intangible Assets acquired during the year on Product Development the year on Product Development Costs at ₹ 150.15 lacs (Previous Year ₹ 200.10 lacs) Computer software ₹ 33.44 lacs (Previous Year ₹ 33.44 lacs). Taking into consideration the clarification issued by the Institute of Chartered Accountants of India, dated 7th October, 2003, the expenses that have already been recognised as "Deferred Revenue Expenditure" up to 1st April, 2004, are being continued to be amortised over the remaining period.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

	As at 31 March 2012	(₹ in lacs) As at 31 March 2011
14 NON-CURRENT INVESTMENTS		
1. Investments in Equity Instruments		
a) In Joint Venture Companies :		
Shares of Garware Environmental Services Pvt. Limited	50.00	50.00
5,00,000 (31 March 2011 : 5,00,000) Equity Shares of ₹ 10/- each, fully paid		
b) In Associate Companies :		
Shares of Garware Meditech Private Limited	0.50	-
5,000 (31 March 2011 : nil) Equity Shares of ₹ 10/- each, fully paid		
c) In Other Companies :		
Shares of Cosmos Co-operative Bank Limited	3.16	3.16
15,805 (31 March 2011 : 15,805) Equity Shares of ₹ 20/- each fully paid		
Shares of Gujarat Filament Corporation Limited	0.01	0.01
50 (31 March 2011 : 50) Equity Shares of ₹ 10/- each fully paid		
Shares of Intermedia Interactive Solutions Pvt. Limited	807.11	807.11
8,90,680 (31 March 2011 : 8,90,680) Equity Shares of ₹ 10/- each, fully paid Face Value ₹ 89.07 Lacs (31 March 2011 : ₹ 89.07 Lacs)		
Shares of Garware Marine Industries Limited (quoted)	5.00	5.00
50,000 (31 March 2011 : 50,000) Equity Shares of ₹ 10/- each fully paid		
Shares of Garware Polyester Limited (quoted)	319.62	319.62
1,46,350 (31 March 2011 : 1,46,350) Equity Shares of ₹ 10/- each fully paid		
2. Investments in Government and Trust Securities		
7 Year National Savings Certificates.	24.06	4.78
Out of this, National Saving Certificates for Face Value of ₹ 0.16 Lacs (31 March 2011 : ₹ 0.16 Lacs) deposited with Sales Tax Authorities		
Sardar Sarovar Narmada Nigam Ltd. Bonds	17.50	17.50
Total investment	1,226.96	1,207.18
Less:		
Aggregate provision for diminution in value of investment		
Contingency Reserve, for possible permanent decline in the value of Investments	315.00	315.00
Total	911.96	892.18
Aggregate Value of Quoted Investments (₹ in lacs)	324.62	324.62
Aggregate Market Value of Quoted Investments (₹ in lacs)	174.97	180.35
Aggregate Value of unquoted Investments (₹ in lacs)	902.34	882.56

Note : The Company has set aside from its General Reserve, as reserve amounting to ₹ 315 lacs in FY 2000-01 for contingencies that may arise, in the event there is a diminution in the value of investments, of a permanent nature, in future.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

	As at 31 March 2012	(₹ in lacs) As at 31 March 2011
15 LONG-TERM LOANS AND ADVANCES		
Unsecured, Considered Good		
(i) Security Deposits	277.60	397.70
(ii) Other Loans and Advances	670.95	673.59
Total	<u>948.55</u>	<u>1,071.29</u>
Other Loans and Advances includes :		
Advance to a Partnership Firm i.e. Sopan D. Patil & GWRL JV	12.10	22.36
Advances to Employees	4.58	4.58
16 OTHER NON-CURRENT ASSETS		
Other Non-Current Assets	79.10	83.45
Total	<u>79.10</u>	<u>83.45</u>
17 INVENTORIES		
(i) Stores, Spares, Fuel and Packing Materials	926.14	1,093.37
(ii) Raw Materials	2,817.53	4,710.86
(iii) Work-in-Progress	1,992.58	1,899.61
(iv) Finished Goods (Including Goods-in-Transit ₹ 157.73 Lacs, Previous Year ₹ 152.85 Lacs)	6,380.56	5,484.82
(v) Traded Goods	226.65	577.20
Total	<u>12,343.46</u>	<u>13,765.86</u>
18 TRADE RECEIVABLES		
Unsecured		
(a) Trade Receivables for more than six months		
Considered Good	1,420.70	1,092.64
Considered Doubtful	51.07	30.95
	<u>1,471.77</u>	<u>1,123.59</u>
Less: Provision for Doubtful Debts	51.07	30.95
	<u>1,420.70</u>	<u>1,092.64</u>
(b) Other Receivables		
Considered Good	13,534.91	12,327.18
Considered Doubtful	-	-
Total	<u>13,534.91</u>	<u>12,327.18</u>
	<u>14,955.61</u>	<u>13,419.82</u>
Unbilled revenue as at 31st March, 2012, amounting to ₹ 2069.81 lacs (31st March, 2011 : ₹ 2625.70 lacs) primarily comprises of the revenue recognised in relation to efforts incurred on construction contracts.		
Trade Receivables for more than six months include:		
Due from a company in which the Company's Directors are Directors. Garware Bestretch Ltd.	0.56	5.13



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

	As at 31 March 2012	(₹ in lacs) As at 31 March 2011
19 CASH AND CASH EQUIVALENTS		
(a) Cash and Cash Equivalents		
(i) Balances with Banks		
- In Current Accounts	487.52	107.70
- In Deposit Accounts with maturity less than 3 months	1,808.67	-
(ii) Cash on hand	13.38	10.12
	<u>2,309.57</u>	<u>117.82</u>
(b) Other Bank balances		
(i) Earmarked balances with Banks	26.39	23.54
(ii) Bank Deposits above 3 months	17.07	42.31
Total	<u>2,353.03</u>	<u>183.67</u>
20 SHORT-TERM LOANS AND ADVANCES		
Advances recoverable in cash or in kind or for value to be received	4,981.67	4,823.90
Advance Tax	3,698.70	3,087.54
Deposits	15.95	12.06
Balance with Excise and Customs Authorities	41.91	15.14
	<u>8,738.23</u>	<u>7,938.64</u>
Total	<u>8,738.23</u>	<u>7,938.64</u>
Advances recoverable in cash or in kind or for value to be received includes:~		
Advances given to Creditors	1,406.55	1,123.66
Advances to Employees	45.29	40.93
21 REVENUE FROM OPERATIONS	For the year ended 31 March 2012	For the year ended 31 March 2011
(i) Manufactured Goods	52,539.54	45,385.25
(ii) Traded Goods	1,367.52	542.45
(ii) Contracts for Supply & Installation (Tax deducted at source ₹ 76.25 Lacs; previous year ₹ 72.07 Lacs)	4,174.99	4,202.27
Total	<u>58,082.05</u>	<u>50,129.97</u>
Less:		
Excise Duty	255.23	235.35
Net Revenue	<u>57,826.82</u>	<u>49,894.62</u>

Note :

- A. Disclosure pursuant to Accounting Standard "AS7 - Construction Contracts", the Construction Work-in-Progress (Fibre & Industrial Product & Project Segment) amounts to ₹ 2802.68 lacs (31st March 2011 ₹ 796.90 lacs).
- B. For these construction contracts, the Progress payments received, Advances and Retentions on account of Contracts are ₹ 562.51 lacs, ₹ 60.34 lacs and ₹ 101.14 lacs (31st March 2011 ₹ 199.32 lacs, ₹ 5.00 lacs and ₹ 31.63 lacs) respectively.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

	For the year ended 31 March 2012	For the year ended 31 March 2011
(₹ in lacs)		
22 OTHER INCOME		
Sale of Scrap	91.94	94.04
Interest- Gross		
From Banks (Tax deducted at source ₹ 6.70 Lacs, previous year ₹ 0.65 Lacs)	80.38	4.07
From Other	<u>10.71</u>	<u>6.17</u>
	91.09	10.24
Dividend	14.41	5.25
Miscellaneous Receipts	136.90	194.08
Profit / (Loss) on Sale of Investments	-	(66.64)
Total	<u>334.34</u>	<u>236.97</u>
23 COST OF MATERIAL CONSUMED		
Raw Material Consumed		
Opening Stock	4,710.86	1,946.93
Add : Purchases (Net of Credits)	20,809.86	22,691.94
Less : Closing Stock	<u>2,817.53</u>	<u>4,710.86</u>
Total	<u>22,703.19</u>	<u>19,928.01</u>
24 PURCHASE OF STOCK IN TRADE		
Purchase of Traded Goods	3,116.91	3,577.60
Total	<u>3,116.91</u>	<u>3,577.60</u>
25 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND TRADED GOODS		
(a) Opening Stock		
Work-in-Progress	1,899.62	1,647.29
Finished Goods	5,484.82	4,583.39
Traded Goods	<u>577.20</u>	<u>152.41</u>
	7,961.64	6,383.09
(b) Closing Stock		
Work-in-Progress	1,992.58	1,899.61
Finished Goods	6,380.56	5,484.82
Traded Goods	<u>226.65</u>	<u>577.20</u>
	8,599.79	7,961.63
Total	<u>(638.15)</u>	<u>(1,578.54)</u>
26 EMPLOYEE BENEFITS EXPENSES		
Salaries, Wages and Bonus	6,876.69	5,704.77
Contribution to Provident and other Funds	255.33	213.45
Gratuity	147.37	64.32
Superannuation	26.98	34.24
Staff Welfare	<u>629.67</u>	<u>519.87</u>
Total	<u>7,936.04</u>	<u>6,536.65</u>
Salaries, Wages and Bonus includes :		
R&D Salary Expenses	113.94	68.50


NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

	For the year ended 31 March 2012	For the year ended 31 March 2011
		(₹ in lacs)
27 OTHER EXPENSES		
Stores and Spares consumed	3,050.98	2,645.33
Packing Materials consumed	793.07	751.56
Power, Fuel and Water Charges	3,427.52	2,740.06
Processing and Testing Charges	2,345.00	1,939.19
Installation Contract related expenses	26.48	31.78
Administrative, Selling and General Expenses		
Advertisement & Sales Promotion expenses	346.21	314.82
Rent	122.14	101.20
Rates, Taxes and Octroi	109.18	76.44
Insurance	127.54	113.09
Transport and Forwarding Charges	2,510.26	2,341.11
	<u>3,215.33</u>	<u>2,946.66</u>
Repairs and Maintenance		
Buildings	51.29	54.64
Plant and Machinery	660.94	653.37
Others	435.91	397.92
	<u>1,148.14</u>	<u>1,105.93</u>
Travelling Expenses	520.17	474.67
Discount and Commission on Sales	1,693.65	2,211.29
Bad Debts	12.21	3.87
Provision for Doubtful Debts	20.12	-
Legal and Professional Charges	514.23	455.19
Auditors' Remuneration		
Audit Fees	5.00	5.20
Fees for other Services	1.00	0.80
Out of Pocket Expenses	0.38	0.38
	<u>6.38</u>	<u>6.38</u>
Establishment and other miscellaneous expenses	1,491.88	1,331.14
Exchange (Gain) / Loss (net)	904.97	(89.20)
Directors' Fees	5.60	4.20
Loss on Fixed Assets discarded	1.05	(0.02)
Cost Capitalised on Machines	(108.41)	(186.84)
Cost Transferred to Product Development Expenditure	(150.15)	(200.10)
Total	<u>18,918.22</u>	<u>16,171.09</u>
Other expenses includes :		
R&D Revenue Expenses	25.97	19.32
28 FINANCE COSTS		
Interest expenses:		
- Term Loans	331.68	141.28
- Cash Credit / Overdraft	776.11	544.09
- Bank Charges	209.89	206.21
Total	<u>1,317.68</u>	<u>891.58</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

29 EMPLOYEE BENEFITS :

The Company operates gratuity defined plan for its employees. Under the gratuity plan, every employee who has completed at least five years of services gets a gratuity on departure @15 days of last drawn salary for each completed year of service. The scheme is funded with insurance companies in the form of qualifying insurance policy.

(₹ in lacs)

Defined Benefit Plans	Gratuity	
	31 March 2012	31 March 2011
I Change in Obligation		
1. Liability at the beginning of the year	609.80	556.99
2. Interest Cost	48.78	44.56
3. Current Service Cost	50.24	46.99
4. Past Service Cost (Non Vested Benefit)	-	-
5. Past Service Cost (Vested Benefit)	-	-
6. Benefit Paid	(26.05)	(14.53)
7. Actuarial (Gain) / Loss on Obligation	164.01	(24.22)
8. Liability at the end of the year	846.78	609.80
II Fair value of Plan Assets		
1. Fair Value of Plan Assets at the beginning of the year	554.95	470.12
2. Expected Return of Plan Assets	48.48	44.59
3. Contributions	64.46	58.54
4. Benefit Paid	(26.05)	(14.53)
5. Actuarial Gain / (Loss) on Plan Assets	(6.20)	(3.77)
6. Fair Value of Plan Assets at the end of the year	635.64	554.95
Total Actuarial Gain / (Loss) to be Recognised	(157.81)	27.99
III Actual Return of Plan Assets		
1. Expected Return of Plan Assets	48.48	44.59
2. Actuarial Gain / (Loss) on Plan Assets	(6.20)	(3.77)
Actual Return on Plan Assets	42.28	40.82
IV Amount Recognised in the Balance Sheet		
1. Liability at the end of the year	(846.78)	(609.80)
2. Fair Value of Plan Assets at the end of the year	635.64	554.95
3. Difference	(211.14)	(54.85)
4. Unrecognised Past Service Cost		
5. Amount Recognised in the Balance Sheet	(211.14)	(54.85)
V Expenses Recognised in the Income Statement		
1. Current Service Cost	50.24	46.99
2. Interest Cost	48.78	44.56
3. Expected Return on Plan Assets	(48.48)	(44.59)
4. Net Actuarial (Gain) / Loss to be Recognised	157.81	(27.99)
5. Past Service Cost (Non Vested Benefit) Recognised	-	-
6. Past Service Cost (Vested Benefit) Recognised	-	-
7. Effect of Curtailment or Settlements	-	-
8. Expenses Recognised in Statement of Profit and Loss	208.35	18.96



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

(₹ in lacs)

Defined Benefit Plans	Gratuity	
	31 March 2012	31 March 2011
VI Balance Sheet Reconciliation		
1. Opening Net Liability	54.85	86.88
2. Expense as above	208.35	18.96
3. Employee Contribution	(64.46)	(58.54)
4. Effect of Curtailment or Settlements	-	-
5. Amount Recognised in Balance Sheet	198.74	47.30
VII Actuarial Assumptions		
1. Discount Rate Current	8.00%	8.00%
2. Rate of Return on Plan Assets Current	8.00%	8.00%
3. Salary Escalation Current	7.00%	7.00%

Note: Employer's Contribution includes payments made by the Company directly to its past employees.

Broad category of Plan Assets relating to Gratuity as a percentage of total Plan Assets

The Company's Gratuity Fund is managed by Life Insurance Corporation of India and HDFC Standard Life Insurance. The Plan Assets under the Fund are deposited under approved securities.

30 OPENING AND CLOSING STOCKS OF FINISHED GOODS

(₹ in lacs)

Products	Opening Stock		Closing Stock	
	As at 31 March 2011	As at 31 March 2010	As at 31 March 2012	As at 31 March 2011
i) Twines, Ropes & Yarns	1,700.59	2,053.83	2,886.33	1,700.59
ii) Nettings	3,343.41	2,350.24	2,816.95	3,343.41
iii) Woven Fabric	141.38	42.55	403.79	141.38
iv) Metal Gabions	299.44	136.77	81.67	299.44
v) Coated Fabric	-	-	191.82	-
Total	<u>5,484.82</u>	<u>4,583.39</u>	<u>6,380.56</u>	<u>5,484.82</u>

31 SALES

Product & Services

	For the year ended 31 March 2012	For the year ended 31 March 2011
i) Twines, Ropes & Yarns	24,395.48	23,571.10
ii) Nettings	25,965.42	20,009.90
iii) Woven Fabric	734.26	710.45
iv) Metal Gabions	827.61	1,091.92
v) Coated Fabric	614.57	-
Sub Total	<u>52,537.34</u>	<u>45,383.37</u>
vi) Machineries and Parts (Nos.)	2.20	1.88
vii) Traded Goods (including Supplied under Contract)	5,542.51	4,744.72
Total	<u>58,082.05</u>	<u>50,129.97</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

			(₹ in lacs)	
	For the year ended 31 March 2012	For the year ended 31 March 2011	For the year ended 31 March 2012	For the year ended 31 March 2011
32 VALUE OF IMPORTS ON C.I.F. BASIS				
Raw Materials	6,524.24	6,326.94		
Traded Goods, Stores, Spares, etc.	1,688.71	1,415.85		
Capital Goods	928.22	300.32		
Total	<u>9,141.17</u>	<u>8,043.11</u>		
33 RAW MATERIALS CONSUMED				
High Density Polyethylene	8,531.73	7,815.51		
Polypropylene	9,428.00	8,488.87		
Nylon	3,481.37	2,517.64		
Polyester Yarn	932.74	663.44		
G.I. Wire	329.35	442.56		
Total	<u>22,703.19</u>	<u>19,928.02</u>		
34 VALUE OF IMPORTED AND INDIGENOUS RAW MATERIALS, STORES AND SPARES CONSUMED				
	For the year ended 31 March 2012	For the year ended 31 March 2011	For the year ended 31 March 2012	For the year ended 31 March 2011
(i) Raw materials				
Imported	7,924.24	6,657.70	34.90	33.41
Indigenous	14,778.95	13,270.32	65.10	66.59
Total	<u>22,703.19</u>	<u>19,928.02</u>	<u>100.00</u>	<u>100.00</u>
(ii) Stores, Spares, etc.				
Imported	561.39	473.85	18.40	17.63
Indigenous	2,489.59	2,214.64	81.60	82.37
Total	<u>3,050.98</u>	<u>2,688.49</u>	<u>100.00</u>	<u>100.00</u>
35 EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS)				
a. Travelling Expenses	169.68	174.53		
b. Commission on Exports	13.43	75.38		
c. Subscriptions	5.90	3.76		
d. Advertisement & Sales Promotion	16.24	6.08		
e. Professional Charges	157.66	142.45		
f. Interest & Finance Charges	55.80	61.29		
g. Overseas Branch Office Expenses	422.89	350.51		
Total	<u>841.60</u>	<u>814.00</u>		
36 EARNINGS IN FOREIGN CURRENCY (ON ACCRUAL BASIS)				
FOB Value of Exports	24,584.47	17,784.50		



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

37 SEGMENT REPORTING

- (a) The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. These business segments are : 1. Synthetic Cordage 2. Fibre and Industrial Products & Projects. Segments based on the location of the customers are identified as secondary segments.
- (b) Segment accounting policies are the same as those used in the preparation of the Financial Statements. The Company generally accounts for inter-segment sales and transfers at cost plus appropriate margins.
- (c) The segment revenues and segment expenses are directly attributable to the segments, except certain expenses which are not allocated to any segments by using appropriate basis. All other expenses which are not attributable or allocable to the segments have been disclosed as unallocable expenses.
- (d) The segment assets and liabilities are directly attributable to the segments, except certain assets and liabilities which are allocated to the segments using appropriate basis. All other assets and liabilities are disclosed as unallocable.

i) Primary Segment Report

(₹ in lacs)

PARTICULARS	Year 2011-2012				Year 2010-2011			
	Synthetic Cordage	Fibre and Industrial Products and Projects	Eliminations	Total	Synthetic Cordage	Fibre and Industrial Products and Projects	Eliminations	Total
REVENUE								
Gross External Sales	45,866.00	12,216.05		58,082.05	38,716.71	11,413.26		50,129.97
Inter-segment Sales	462.34	1,339.34	(1,801.68)	-	712.54	645.16	(1,357.70)	-
Less : Excise Duty	28.34	226.89	-	255.23	50.23	185.12	-	235.35
Total Revenue	46,300.00	13,328.50	(1,801.68)	57,826.82	39,379.02	11,873.30	(1,357.70)	49,894.62
RESULT								
Segment Result	4,788.82	1,053.00		5,841.82	4,218.20	1,072.23		5,290.43
Unallocated Corporate expenses (net of income)				1,424.29				1,293.12
Operating Profit				4,417.53				3,997.31
Finance Costs				1,317.68				891.58
Interest & Dividend Income				105.50				15.49
Profit from ordinary activities				3,205.35				3,121.22
Income Tax				804.79				677.95
Extraordinary items				-				-
Net Profit				2,400.56				2,443.27
OTHER INFORMATION								
Segment Assets	32,127.48	13,444.58		45,572.06	30,330.72	12,862.22		43,192.94
Unallocated Corporate Assets				11,743.08				9,736.96
Total Assets				57,315.14				52,929.90
Segment Liabilities	7,943.39	2,894.31		10,837.70	7,690.84	2,760.25		10,451.09
Unallocated Corporate Liabilities				46,477.44				42,478.81
Total Liabilities				57,315.14				52,929.90
Capital Expenditure	2,567.33	886.42		3,453.75	2,265.63	207.29		2,472.92
Unallocated Capital Expenditure				121.61				360.16
Total Capital Expenditure				3,575.36				2,833.08
Depreciation	1,201.95	310.20		1,512.15	1,143.37	248.89		1,392.26
Unallocated Depreciation on Corporate Assets				90.81				91.72
Total Depreciation				1,602.96				1,483.98
Other non-cash expenses				-				-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

ii) Secondary Segment Report

(₹ in Lacs)

PARTICULARS	Year 2011-2012				Year 2010-2011			
	India	Outside India	Eliminations	Total	India	Outside India	Eliminations	Total
Gross Sales	32,742.01	25,340.04		58,082.05	31,444.66	18,685.31		50,129.97
Less : Excise Duty	255.23	-		255.23	235.35	-		235.35
Net Sales	32,486.78	25,340.04		57,826.82	31,209.31	18,685.31		49,894.62
Fixed Assets	16,982.40	2.82		16,985.22	15,572.82	3.22		15,575.00
Capital Expenditure	3,575.36	-		3,575.36	2,833.08	-		2,833.08

iii) Notes:

The business segments viz. 'Synthetic Cordage' and 'Fibre and Industrial Products' and 'Projects' are considered as the primary segments. Synthetic Cordage comprises of ropes, twines and nettings made of twine, fibre, synthetic fabric, yarn, woven and non-woven textiles, secugrids, coated steel gabions, machinery and project form the Fibre and Industrial Products & Projects segment. Inter-segment sales are accounted for at market value.

The geographical segments on the basis of location of customers are considered as secondary segments. Geographic segments of the Company are India and outside India.

38 TRANSACTIONS WITH RELATED PARTIES

(I) List of related Parties and relationship:

A. Associates Companies

1. Garware Elastomerics Ltd.
2. Garware Bestretch Ltd.
3. Garware Meditech Pvt. Limited

B. Subsidiary / Joint Venture Companies

1. Garware Environmental Services Pvt. Ltd.

C. Enterprises owned or significantly influenced by key management personnel or their relatives

1. RSDV Finance Company (P) Ltd.
2. RSDV Investments Pvt. Ltd.
3. Suramex Exim (P) Ltd.
4. Garware Capital Markets Ltd.
5. Garware Indus Consulting Ltd.
6. Garware Utzon (Cordage) Ltd.
7. Manmit Investments & Trading Company (P) Ltd.
8. Consolidated Agricultural & Dairy Farming Company (P) Ltd.
9. Vimalabai Garware Research Institute
10. Ramesh Trading Company
11. Sunita Trading Company
12. Diya Trading Company
13. Vayu Trading Company
14. Ramesh B. Garware (HUF)



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

15. Garware Securities Broking Ltd.
16. Gartex Industries Ltd.
17. Garware Motors Ltd.
18. Garware Infrastructure Pvt. Ltd.
19. Garware Apparel Pvt. Ltd.
20. Ceebeegee Investment Company Pvt. Ltd.
21. Moonshine Investments & Trading Co. Pvt. Ltd.
22. Gurukrupa Investments & Trading Co. Pvt. Ltd.
23. Sanand Investments & Trading Company Pvt. Ltd.
24. Starshine Investments & Trading Company Pvt. Ltd.
25. Sukukar Holdings & Trading Company Pvt. Ltd.
26. Garware Research Institute

D. Directors - Key management personnel

Mr. R. B. Garware
Mr. V. R. Garware

E. Relatives of key management personnel

Mrs. Diya Garware Ibanez

(II) Following are the transactions with the related parties:

(₹ in Lacs)

Sr. No.	Nature of Transaction	Associate Companies		Companies/ other organisations under the control of Directors		Directors - Key Management Persons		Relatives of key management persons having significant influence over the Company by reason of voting power		Total	
		2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
1	Sale of Goods / Services	2.48	2.12	-	-	-	-	-	-	2.48	2.12
2	Purchase of Goods / Services	4.43	17.04	-	-	-	-	-	-	4.43	17.04
3	Sale of Shares	-	147.83	-	724.60	-	-	-	-	-	872.43
4	Purchase of Shares	0.50	49.51	-	-	-	-	-	-	0.50	49.51
5	Deposits placed	-	-	-	-	-	-	-	-	-	-
6	Placed deposits refunded	-	-	-	-	-	-	-	-	-	-
7	Deposits received	-	-	2,551.00	2,051.00	-	-	-	-	2,551.00	2,051.00
8	Deposits refunded	-	-	2,551.00	2,051.00	-	-	-	-	2,551.00	2,051.00
9	Interest paid on deposits	-	-	277.85	159.94	-	-	-	-	277.85	159.94
10	Interest received on deposits	-	-	-	-	-	-	-	-	-	-
11	Directors' Remuneration										
	a) Mr. R. B. Garware	-	-	-	-	37.54	64.07	-	-	37.54	64.07
	b) Mr. V. R. Garware	-	-	-	-	78.07	75.10	-	-	78.07	75.10
12	Directors' Sitting Fees	-	-	-	-	-	-	-	0.20	-	0.20
13	Balance receivable	-	-	-	-	-	-	-	-	-	-
14	Balance payable	0.15	0.15	-	-	-	-	-	-	0.15	0.15

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

(III) Disclosure in Respect of Related Party Transactions during the year :

1. Sale of Goods include Sales to Garware Bestretch Ltd. of ₹ 2.48 lacs (Previous year ₹ 2.12 lacs)
2. Purchase of Goods/Services include Purchase from Garware Bestretch Ltd. of ₹ 4.43 lacs (Previous year ₹ 17.04 lacs).
3. Purchase of Shares includes :
Shares of Garware Meditech Pvt. Ltd. of ₹ 0.50 lacs (Previous year Nil),
Shares of Garware Environmental Services Pvt. Ltd. of ₹ Nil (Previous year ₹ 49.51 lacs)
4. Sales of Shares Nil (Previous year ₹ 147.83 lacs of Garware Elastomerics Ltd.)
5. Sale of Shares Nil (Previous year ₹ 724.60 lacs of Garware Capital Markets Ltd.)
6. Deposits received and refunded from time to time aggregating to ₹ 2551.10 lacs (Previous year ₹ 2051 lacs) includes deposits from :
Garware Capital Markets Ltd. of ₹ 910.40 lacs (Previous year ₹ 876 lacs),
Manmit Investments & Trading Co. Pvt. Ltd. of ₹ 45.35 lacs (Previous year ₹ 35 lacs),
Moonshine Investments and Trading Co. Pvt. Ltd. of ₹ 10.20 lacs (Previous year ₹ Nil),
RSDV Investments Pvt. Ltd. of ₹ 1359.30 lacs (Previous year ₹ 1036 lacs),
RSDV Finance and Trading Co. Pvt. Ltd. of ₹ 50.55 lacs (Previous year ₹ 44 lacs),
Sanand Investment & Trading Co. Pvt. Ltd. of ₹ 6.75 lacs (Previous year ₹ Nil),
Starshine Investments and Trading Co. Pvt. Ltd. of ₹ 4.90 lacs (Previous year ₹ Nil),
Suramex Exim Pvt. Ltd. of ₹ Nil (Previous year ₹ 8.00 lacs),
Gurukrupa Investments and Trading Co. Pvt. Ltd. of ₹ 1 lac (Previous year ₹ Nil),
Garware Utzon (Cordage) Ltd. of ₹ 62.60 lacs (Previous year ₹ 27 lacs),
Sukukar Holdings & Trading Co. Pvt. Ltd. of ₹ 6.30 lacs (Previous year ₹ Nil),
Garware Indus Consulting Ltd. of ₹ 57.75 lacs (Previous year ₹ 33 lacs),
Ceebegee Investments Co. Pvt. Ltd. of ₹ 36 lacs (Previous year ₹ Nil)
7. Interest paid on Deposit of ₹ 277.85 lacs (Previous year ₹ 159.94 lacs) includes :
Garware Capital Markets Ltd. of ₹ 105.70 lacs (Previous year ₹ 46.60 lacs),
Manmit Investments & Trading Co. Pvt. Ltd. of ₹ 4.43 lacs (Previous year ₹ 3.37 lacs),
Moonshine Investments and Trading Co. Pvt. Ltd. of ₹ 0.56 lacs (Previous year ₹ Nil),
RSDV Investments Pvt. Ltd. of ₹ 150.68 lacs (Previous year ₹ 99.60 lacs),
RSDV Finance and Trading Co. Pvt. Ltd. of ₹ 5.33 lacs (Previous year ₹ 4.43 lacs),
Sanand Investment & Trading Co. Pvt. Ltd. of ₹ 0.34 lacs (Previous year ₹ Nil),
Starshine Investments and Trading Co. Pvt. Ltd. of ₹ 0.24 lacs (Previous year ₹ Nil),
Suramex Exim Pvt. Ltd. of ₹ Nil (Previous year ₹ 0.60 lacs),
Gurukrupa Investments and Trading Co. Pvt. Ltd. of ₹ 0.09 lacs (Previous year ₹ Nil),
Garware Utzon (Cordage) Ltd. of ₹ 5.19 lacs (Previous year ₹ 2.95 lacs),
Sukukar Holdings & Trading Co. Pvt. Ltd. of ₹ 0.32 lacs (Previous year ₹ Nil),
Garware Indus Consulting Ltd. of ₹ 4.93 lacs (previous year ₹ 2.39 lacs),
Ceegeegee Investments Co. Pvt. Ltd. of ₹ 0.04 lacs (Previous year ₹ Nil)



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

39 EARNING PER SHARE (EPS)

EPS computed in accordance with Accounting Standard 20 "Earning Per Share"

Basic Earning Per Share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earning per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(₹ in lacs)

	31 March 2012	31 March 2011
BASIC DILUTED EPS		
Net Profit attributable to Equity Shareholders	2400.56	2443.27
Weighted Average No. of Share O/s. during the year	23,708,350	23,708,350
Basic and Diluted EPS (in ₹)	10.13	10.31

40 DISCLOSURE IN RELATION TO DERIVATIVE INSTRUMENTS

(a) No of Contracts	7	14
(b) Purpose	Hedging	Hedging
(c) Net un-hedged exposure	₹ 1826.87 lacs	₹ 344.51 lacs

41 OPERATING LEASE

Operating lease payments are recognised as Expenses in the Statement of Profit and Loss on a straight-line basis over the lease term.

(a) Future Lease Rental Payment		
i) Not later than one year	0.05	0.05
ii) Later than one year not later than five years	Nil	0.05
iii) Later than five years	Nil	Nil
(b) Lease Payment recognised in the Statement of Profit & Loss	0.05	0.05
(c) General description of the leasing arrangement :		
i) Leased Assets : Twisting Machine with Spindles and related equipments.		
ii) Future lease rental payment are determined on the basis of lease rent and use of leased machine for processing operation of third party.		
iii) At the expiry of the lease term, the Company will negotiate for extension of lease / formation of Joint Venture to carry out the activities.		

42 EXPENDITURE INCURRED ON R&D ACTIVITIES ARE AS FOLLOWS

	31 March 2012	31 March 2011	31 March 2010
Research and Development Equipments	192.98	100.66	182.02
Research and Development Revenue Expenditure	139.91	87.82	91.91

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

43 CONTINGENT LIABILITIES

- (i) Disputed Excise Duty ₹ 27.57 lacs (Previous year ₹ 27.57 lacs).
- (ii) Bank Guarantees for ₹ 1,477.26 lacs (Previous year ₹ 1,390.35 lacs), in the ordinary course of business, against which the Company has issued counter guarantees for the overall bank limits of ₹ 13,500 lacs (Previous year ₹ 12,500 lacs).
- (iii) Disputed amount of Sales Tax Liability ₹ 42.15 lacs (Previous year ₹ 42.09 lacs).
- (iv) Disputed Property Tax Liability on factory premises, Pune ₹ 20.97 lacs (Previous year ₹ 20.97 lacs).
- (v) Export Sales Bills discounted with the banks ₹ 982.42 lacs (Previous year ₹ 168.89 lacs).
- (vi) The interest portion on delayed payment of Octroi Liability amounting to ₹ 21.64 lacs (Previous year ₹ 21.64 lacs) is under dispute.

44 DISCLOSURES UNDER THE MICRO, SMALL & MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

- (a) An amount of ₹ 7.36 lacs (31st March, 2011 ₹ 14.27 lacs) and ₹ NIL (31st March, 2011 ₹ NIL) was due and outstanding to Suppliers as at the end of the year on account of Principal and Interest respectively.
- (b) No interest was paid during the year.
- (c) No interest outstanding at the end of the year where principal amount has been paid off to the supplier but interest amount is outstanding on 31st March, 2012.
- (d) No amount of interest was accrued and unpaid at the end of the year.

The above information and that given in Note 10 - 'Trade Payable' regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of the information available with the Company. This has been relied upon by the Auditors.

45 ESTIMATED AMOUNT OF CONTRACTS REMAINING TO BE EXECUTED ON CAPITAL ACCOUNT AND NOT PROVIDED FOR NET OF ADVANCES ₹ 40.75 LACS (PREVIOUS YEAR 298.95 LACS)

46 INTEREST IN FIRM / JOINT VENTURES

- A. The Company has entered into a partnership agreement (Sopan D. Patil & GWRL JV) in which the Company holds 40% share in profit / loss to execute Geo Synthetics Work - Contract value worth ₹ 577.31 lacs. During the year ended 31.03.2012, the said partnership has incurred a loss of ₹ 0.08 lacs (Previous year ₹ 0.04 lac).

	31 March 2012	31 March 2011
Current Assets	22.48	12.66
Non-current Assets	19.81	19.81
Current Liabilities	31.47	21.57
Non-current Liabilities	12.10	12.10
Equity	(1.28)	(1.21)
Revenue	27.13	30.54
Cost of Materials consumed	25.64	29.02
Employee benefit expenses	-	-
Other expenses	1.57	1.56
Profit / (loss) before Tax	(0.08)	(0.04)
Income-tax expenses	-	-
Profit / (loss) after Tax	(0.08)	(0.04)

- B. The Company has entered in to joint venture arrangement with Waste Management Pacific Pty Ltd. (WMPL), (a company incorporated under the law of Australia) (JV) to carry out the business of Environmental Engineering through Garware Environmental Services Pvt. Ltd. JV has not started its commercial operation.

- 47 These Financial Statements have been prepared in the format prescribed by the Revised Schedule VI to the Companies Act 1956. This has significantly changed the disclosure and presentation made in the Financial Statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification/disclosure.



Progress through the Years

	31.03.03	31.03.04	31.03.05	31.03.06	31.03.07	31.03.08	31.03.09	31.03.10	31.03.11	31.03.12
(₹. in Lacs)										
COMPANY OWNED										
1. FIXED ASSETS (NET)	7,857.40	7,748.53	8,088.45	8,868.41	10,654.50	12,824.56	13,272.38	14,411.74	15,574.99	16,985.21
2. INVESTMENTS	1,604.45	1,737.21	1,771.20	1,771.30	1,771.30	1,771.30	1,762.98	1,697.60	892.18	911.96
3. NET CURRENT ASSETS ^Ø	8,248.99	9,017.21	11,877.45	12,985.22	15,180.39	16,584.53	17,601.04	15,987.40	20,405.98	22,977.38
TOTAL ASSETS (NET)	17,710.84	18,502.95	21,737.10	23,624.93	27,606.19	31,180.39	32,636.40	32,096.74	36,873.15	40,874.55
COMPANY OWED										
1. LOAN FUNDS	4,862.09	5,134.08	6,950.73	8,565.35	*10,339.56	*11,382.00	10,574.11	8,652.16	11,621.06	14,033.21
2. COMPANY'S NET WORTH -										
- EQUITY SHARE CAPITAL	1,970.99	1,970.99	#1,996.44	1,996.44	\$ 2,071.44	@2,171.24	** 2,370.84	2,370.84	2,370.84	2,370.84
- RESERVES AND SURPLUS ^Ω	9,332.11	9,767.23	11,138.95	11,616.22	13,681.61	16,051.69	18,107.40	19,350.96	21,104.29	22,671.54
3. DEFERRED TAX LIABILITY	1,545.65	1,630.65	1,650.98	1,446.93	1,513.58	1,575.46	1,584.05	1,722.78	1,776.96	1,798.96
TOTAL CAPITAL EMPLOYED	17,710.84	18,502.95	21,737.10	23,624.93	27,606.19	31,180.39	32,636.40	32,096.74	36,873.15	40,874.55
INCOME	17,993.91	19,018.42	22,997.24	26,641.10	34,270.18	40,869.15	44,694.83	45,444.97	50,366.94	58,416.39
RAW MATERIAL AND STOCK CONSUMED	6,342.56	7,011.70	9,422.80	11,105.61	15,389.72	17,302.31	20,010.60	20,481.25	21,927.07	25,181.95
SALARIES AND WAGES	2,365.31	2,566.79	2,751.88	3,033.11	3,586.38	4,658.14	5,188.45	5,523.82	6,536.65	7,936.04
OPERATING AND OTHER EXPENSES	6,440.30	7,043.75	7,815.80	9,017.57	10,501.06	12,665.79	14,413.50	14,171.95	16,171.09	18,918.22
INTEREST	447.65	418.74	520.30	725.25	892.85	1,431.95	1,292.82	1,074.45	891.58	1,317.68
EXCISE DUTY	603.78	258.60	384.22	388.66	451.97	851.56	673.55	296.98	235.35	255.23
PROFIT BEFORE DEPRECIATION AND TAX	1,794.31	1,891.27	2,102.24	2,370.90	3,448.20	3,959.40	3,115.91	3,896.52	4,605.20	4,807.27
DEPRECIATION	712.81	754.71	800.01	858.34	943.55	1,101.92	1,230.16	1,292.42	1,483.98	1,601.92
PROFIT BEFORE TAX	1,081.50	1,136.56	1,302.23	1,512.56	2,504.65	2,857.48	1,885.75	2,604.10	3,121.22	3,205.35
TAX	245.00	160.00	(23.86)	26.56	282.00	437.79	265.84	666.06	677.95	804.78
PROFIT AFTER TAX	836.50	976.56	1,326.09	1,486.00	2,222.65	2,419.69	1,619.91	1,938.04	2,443.27	2,400.57
DIVIDEND OUTGO [Ⓢ]	486.12	486.12	569.11	500.81	605.87	635.06	693.44	693.44	688.88	688.86
EARNING RETAINED IN BUSINESS	350.38	490.44	756.98	985.19	1,616.78	1,784.63	926.47	1,244.60	1,754.39	1,711.71
EARNING PER SHARE (₹)	4.27	4.99	6.64	7.44	11.08	11.68	6.92	8.17	10.31	10.13
DIVIDEND PAID PER EQUITY SHARE (₹)	2.20	2.20	2.50	2.20	2.50	2.50	2.50	2.50	2.50	2.50
BOOK VALUE OF EQUITY SHARE (₹)	57.61	59.83	65.71	68.10	75.98	83.87	86.32	91.57	98.97	105.59
(Without Revaluation)										
FOB VALUE OF EXPORTS	5,927.48	6,493.42	7,719.77	9,138.67	11,081.52	12,615.70	14,415.98	14,522.30	17,784.50	24,584.47

* Includes Application moneys of Convertible Warrants.

Reissue of 3,77,634 Equity Shares forfeited.

\$ 7,50,000 Equity Shares against Convertible Warrants.

@ 9,98,000 Equity Shares against Convertible Warrants.

** 19,96,000 Equity Shares against Convertible Warrants.

Ω The figures of Reserves and Surplus have been calculated after deduction of miscellaneous expenditure to the extent not written off or adjusted and includes revaluation reserve ₹ 18.44 lacs for 31.03.03, ₹ 17.36 lacs for 31.03.04, ₹ 16.31 lacs for 31.03.05, ₹ 15.27 lacs for 31.03.06, ₹ 14.23 lacs for 31.03.07, ₹ 13.19 lacs for 31.03.08, ₹ 12.15 lacs for 31.03.09, ₹ 11.10 lacs for 31.03.10, ₹ 10.06 lacs for 31.03.11 and ₹ 9.02 lacs for 31.03.12, respectively.

Ⓢ Dividend Outgo includes Tax on Dividend, where applicable.

Ø Includes both current and non-current assets and liabilities.



GARWARE-WALL ROPES LIMITED

Protecting the natural environment

Garware-Wall Ropes Ltd. (GWRL) provides solutions for a variety of sectors and applications, and for use at a variety of sites, from ocean waters to high mountains, and from ships and factories to homes and sports grounds. The picture below shows a novel installation site: an island in the middle of the Katraj Lake in Pune, which is being developed into a tourist attraction. The Pune Municipal Corporation gave GWRL the responsibility of providing protective pitching to the island, to prevent soil erosion and sliding of land into the surrounding water. The GWRL solution was a gabion structure of steel-wire netting made from double-twisted hexagonal wire mesh, using heavily galvanised steel wire. Filled with stones at the site, the gabion formed a strong wall around the island, and was superior to conventional alternatives like concrete structures because of ease and speed of erection, and eco-friendliness. The GWRL solution is yet another example of the different ways the Company contributes to the sustainable protection and development of the natural environment.





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