

## 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

The Board of Directors and the Management of the Company commit themselves to the following:-

- To achieve the first position in our field globally and strive to maintain the same.
- To adhere to the prudent corporate practices.
- To adhere to conservative financial management policy.

#### 2) BOARD OF DIRECTORS

i. Composition: The Board of Directors of the Company as on 31st March, 2010 consisted of:

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

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 27th May, 2009, 25th July, 2009, 22nd October, 2009, and 23rd January, 2010.

Name of Director	No of Board Meetings attended	Sitting Fees paid (Rs.)	Whether attended last A.G.M.	Directorships in other Companies and Membership of Committees and post held in committees as on 31st March, 2010			No of Equity Shares held as on 31st March, 2010
				Other Boards	Other Board committees		
					Chairman	Member	
Mr. R.B. Garware	4	N.A.	Yes	8	1	2	14,29,449
Mr. S.M. Kuvelker	4	80,000	Yes	11	4	1	29,358
Dr. V.B. Lele	—	—	—	—	—	—	1,001
Mr. S.N. Talwar	1	20,000	Yes	15	4	11	14,595
Ms. Diya Garware Ibanez	3	60,000	Yes	6	—	—	—
Mr. R.M. Telang	4	80,000	Yes	2	—	1	200
Mr. S.P. Kulkarni	4	80,000	Yes	2	—	—	—
Mr. V.R. Garware	4	N.A.	Yes	6	—	—	3,505

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, as amended from time to time, and Section 292A of the Companies Act, 1956.

#### ii. Composition

The composition of the Audit Committee is as follows:

Chairman - Mr. S. M. Kuvelker

Members - Mr. R. B. 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.

#### 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 27th May, 2009, 25th July, 2009, 22nd October, 2009, and 23rd January, 2010.

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

Mr. V. R. Garware, Whole-time Director, who also heads Finance Department, attended all four meetings of the Committee. Mr. S.H. Bamne, Vice President - Corporate, who looks after Internal Audit Department and the Statutory Auditors of the Company, also 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 Rs. 3,03,595/- 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.

During the period from 1st April, 2009 to 31st October, 2009, the Company paid/incurred Rs. 2,63,475/- towards professional services rendered by Mr. R.M. Telang, Director in the area of Plastic Polymers. The Government of India, had confirmed that Mr. R.M. Telang possess the technical qualification for rendering professional services to the Company in the area of Plastic Polymers, pursuant to the provisions of the Proviso to Sub-Section (1) of Section 309 of the Companies Act, 1956. This payment does not fall within the definition of Managerial Remuneration under the Companies Act, 1956. No other transaction is made between Non-Executive Directors and the Company. However, Mr. R. M. Telang ceased to be a Consultant of the Company, with effect from 1st November, 2009.

#### ii. Executive Directors' remuneration

A. Mr. R. B. Garware, Chairman & Managing Director is the Executive Director and remuneration payable, as approved by members of the Company at the Extra-ordinary General Meeting held on 16th December, 2006, is detailed below:

a. Salary: Basic Salary of Rs. 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, Whole-time Director is the Executive Director and remuneration payable, as approved by members of the Company at the Extra-ordinary General Meeting held on 16th December, 2006, is detailed below:

a. Salary: Basic Salary of Rs. 21,00,000/- 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

## 5) SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

i. The Shareholders/Investors Grievance Committee was headed by Mr. S.M. Kuvelker. Mr. R.B. Garware, Mr. R.M. Telang and Mr. V. R. Garware are its other members.

ii. 15 Meetings of the Shareholders' / Investors' Grievances and Share Transfer Committee were held during the year.

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 also reviewed by this Committee.

v. During the year, 3 complaints received were satisfactorily resolved.

vi. There were no unresolved / unattended complaints of shareholders received upto 31st March, 2010.

vii. There were no pending share transfers as of 31st March, 2010.

viii. The Board had authorized the Share Transfer Agents, M/s. Link Intime India Private Limited to approve all routine transfers and transmission of shares except signing of the 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 all 3 Meetings
Friday, 23rd November, 2007	10.30 a.m.	Prof. Ramkrishna More Auditorium, Opp. TELCO, Chinchwad, Pune 411 033
Saturday, 27th September, 2008	10.30 a.m.	
Friday, 26th September, 2009	10.30 a.m.	

No special resolution was passed at the three Annual General Meetings held, as above.

- ii. So far, the Company has had no occasion to use Postal Ballot.  
 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 interest 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. All the Directors and Senior Management Personnel have affirmed compliance with the Code for the year ended 31st March, 2010 and CEO (Whole-time Director of the Company) has submitted a declaration, duly signed, to this effect.  
 iv. CEO (Whole-time 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 the publication in leading newspapers, the quarterly financial statements as well as annual financial statements are posted on the Company's website [www.garwareropes.com](http://www.garwareropes.com).  
 Further, the Quarterly/Half yearly results and Quarterly shareholding patterns were posted at EDIFAR website i.e. [www.sebiedifar.nic.in](http://www.sebiedifar.nic.in) for the part of the year and now it is accessible at [www.corpfiling.co.in](http://www.corpfiling.co.in) and also on Company's website.  
 ii. A Management Discussion and Analysis Report is enclosed separately as part of this Annual Report.

**9) GENERAL SHAREHOLDER INFORMATION**

- i. **33rd Annual General Meeting**

- Date and Time  
 - Venue

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 411019.

- ii. **Financial Calendar** 1st April to 31st March  
 Financial reporting for  
 ● Quarter ending 30th June, 2010 15th August, 2010  
 ● Quarter ending 30th September, 2010 15th November, 2010  
 ● Quarter ending 31st December, 2010 15th February, 2011  
 ● Quarter ending 31st March, 2011 May/June, 2011
- iii. **Book closure date** From 11th September, 2010 to 18th September, 2010 (both days inclusive).  
 18th September, 2010 onwards.
- iv. **Dividend payment date**
- 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 were as under:

Month	Garware-Wall Ropes Limited Share Price		Bombay Stock Exchange, Sensex	
	High (Rs.)	Low (Rs.)	High	Low
Apr. 2009	52.60	34.10	11,492.10	9,546.29
May. 2009	69.70	40.55	14,930.54	11,621.30
Jun. 2009	75.80	50.35	15,600.30	14,016.95
Jul. 2009	63.40	46.75	15,732.81	13,219.99
Aug. 2009	64.35	51.55	16,002.46	14,684.45
Sep. 2009	74.70	59.00	17,142.52	15,356.72
Oct. 2009	66.85	54.65	17,493.17	15,805.20
Nov. 2009	64.40	52.00	17,290.48	15,330.56
Dec. 2009	74.80	53.45	17,530.94	16,577.78
Jan. 2010	74.20	58.50	17,790.33	15,982.08
Feb. 2010	63.95	56.00	16,669.25	15,651.99
Mar. 2010	64.00	56.30	17,793.01	16,438.45

(Source: from BSE Web Site [www.bseindia.com](http://www.bseindia.com))

viii. **Share Transfer Agent**

LINK INTIME INDIA PRIVATE LIMITED  
 Akshay Complex, Block No 202, 2nd Floor,  
 Off Dhole Patil Road, Near Ganesh Temple, Pune 411 001.  
 Tel. 020 - 2605 1629, Tel/Fax No. 020 - 2605 3503,  
 Email: [pune@linkintime.co.in](mailto:pune@linkintime.co.in)

ix. **Share Transfer System**

The power to approve the transfer of securities has been delegated by the Board to the Share Transfer Agents.  
 Share transfer requests are processed within 30 days from the date of receipt.

x. (i) **Distribution of Share holding as on 31st March, 2010.**

Sr. No.	Category No of shares		No of share holders	% to total share holders	No of Shares held	% to total Shares
	From	To				
1	1	to 5,000	12,899	98.24	47,92,484	20.21
2	5,001	to 10,000	122	0.94	9,38,548	3.96
3	10,001	to 20,000	33	0.25	4,94,925	2.09
4	20,001	to 30,000	20	0.15	5,12,576	2.16
5	30,001	to 40,000	6	0.04	2,16,472	0.91
6	40,001	to 50,000	3	0.02	1,47,465	0.62
7	50,001	to 1,00,000	12	0.09	9,66,005	4.08
8	1,00,001	and above	35	0.27	1,56,39,875	65.97
<b>Total</b>			<b>13,130</b>	<b>100.00</b>	<b>2,37,08,350</b>	<b>100.00</b>

(ii) **Pattern of Share holding as on 31st March, 2010.**

Category code	Category of shareholder	Shareholding details				Shares Pledged or otherwise encumbered	
		Number of share holders	Total Number of shares	Number of shares held in dematerialised form	As a % of (A+B)	Number of shares	As a % of (vii)/(iv) x 100
						(vii)	(viii)
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>						
(1)	Indian Promoters	18	1,10,17,586	62,18,732	46.47	—	—
(2)	Foreign Promoters	1	3,505	3,505	0.02	—	—
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)	<b>19</b>	<b>1,10,21,091</b>	<b>62,22,237</b>	<b>46.49</b>	—	—
<b>(B)</b>	<b>Public Shareholding</b>					N.A.	N.A.
<b>(1)</b>	<b>Institutions</b>						
(a)	Indian Institutions	10	18,95,229	18,93,443	7.99		
(b)	Foreign Institutions	8	10,86,804	10,86,804	4.58		
	<b>Sub-Total (B)(1)</b>	<b>18</b>	<b>29,82,033</b>	<b>29,80,247</b>	<b>12.57</b>		
<b>(2)</b>	<b>Non-Institutions</b>						
(a)	Bodies Corporate	344	14,25,205	14,18,709	6.01		
(b)	Individual shareholders	12,616	71,05,671	61,02,565	29.97		
(c)	Individuals NRI/Foreign Nationals	132	1,76,350	1,70,276	0.74		
(d)	Trust	1	9,98,000	0	4.21		
	<b>Sub-Total (B)(2)</b>	<b>13,093</b>	<b>97,05,226</b>	<b>76,94,550</b>	<b>40.94</b>		
	<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>13,111</b>	<b>1,26,87,259</b>	<b>1,06,74,797</b>	<b>53.51</b>		
	<b>TOTAL (A)+(B)</b>	<b>13,130</b>	<b>2,37,08,350</b>	<b>1,68,97,034</b>	<b>100.00</b>	<b>0</b>	<b>0</b>
<b>(C)</b>	<b>Shares held by Custodians and against which Depository Receipts have been issued</b>					N.A.	N.A.
	<b>GRAND TOTAL(A)+(B)+(C)</b>	<b>13,130</b>	<b>2,37,08,350</b>	<b>1,68,97,034</b>	<b>100.00</b>	<b>0</b>	<b>0</b>

xi. **Dematerialization of shares and liquidity**

ISIN No. - INE276A01018

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. 71.27% shares have already been dematerialized.

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

xii. **Plant Locations**

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

Plot No. C-I & 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, Amli 396 230  
Tel. No. 0260 - 2640 867

xiii. **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. 020 - 2605 1629,  
Tel/Fax No. 020 - 2605 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 2009-2010.

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

The Company has obtained a Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated in the Listing Agreement with the Stock Exchanges. This is annexed to the Directors' Report 2009-2010. This Certificate will also be sent to the Stock Exchanges along with the Annual Report to be filed by the Company.