



# GARWARE-WALL ROPES LIMITED

Regd. Office : Plot No. 11, Block D-1, M.I.D.C., Chinchwad, Pune: 411019.

## POSTAL BALLOT NOTICE

### Notice pursuant to Section 192A of the Companies Act, 1956

NOTICE is hereby given to the members of Garware-Wall Ropes Limited (the "Company") (the "Members") that the Board of Directors of the Company ("Board") has decided at its meeting held on 7<sup>th</sup> November, 2011 to seek the consent of the Members, through voting by postal ballot in accordance with the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011 and the provisions of Article 79A, to the draft resolutions mentioned herein below.

#### SPECIAL BUSINESS:

1. To consider and if thought fit, to pass the following resolution as a special resolution through voting by postal ballot:

**"RESOLVED THAT** pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered as under, by inserting the following Article as Article 151A after the present Article 151 of the Articles of Association of the Company:

Article 151A:

- (1) The Board shall be entitled to appoint an ex-Chairman (Non-Director) of the Company, as the Chairman Emeritus of the Company in recognition of distinctive contribution to the Company.
- (2) The Chairman Emeritus shall hold office until he resigns.
- (3) The Chairman Emeritus shall be invited to the meetings of the Board or the Committees thereof but shall not have any right to vote and shall not be deemed to be a party to any decision of the Board or any Committee thereof.
- (4) The Chairman Emeritus shall not be deemed to be a director for any purposes of the Act or any other statute or rules made thereunder or these Articles including for the purpose of determining the maximum number of directors which the Company can appoint.
- (5) Subject to the applicable statutory provisions, the Board may decide to make any payment in any manner for any services rendered by the Chairman Emeritus to the Company."

2. To consider and if thought fit, to pass the following resolution as a special resolution through voting by postal ballot:

**"RESOLVED THAT** in partial modification of the resolution passed at the Extra-Ordinary General Meeting held on 16<sup>th</sup> December, 2006, relating to the re-appointment of Mr. V. R. Garware, as a Whole-time Director of the Company, approval of the Company be and it is hereby accorded for elevating Mr. V. R. Garware, as the Managing Director with a designation as Chairman and Managing Director (the "CMD"), effective from the date of Board meeting held on 7<sup>th</sup> November, 2011 for a remainder period of his current tenure ending on 30<sup>th</sup> November, 2011 and that other terms and conditions as set out in the agreement dated 21<sup>st</sup> November, 2006 entered into between the Company and Mr. V. R. Garware, as approved in the said Extra-Ordinary General Meeting, shall remain unchanged."

3. To consider and if thought fit, to pass the following resolution as a special resolution through voting by postal ballot.

**"RESOLVED THAT** in accordance with the provisions of Section 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, including any statutory modifications or re-enactment thereof, for the time being in force and other Acts and subject to such consents, permissions and approvals as may be required, approval of the Company be and it is hereby accorded to the re-appointment of Mr. V. R. Garware, as a Managing Director of the Company to be designated as Chairman & Managing Director, for a period of five years effective from 1st December 2011, as per the terms and conditions set out in the explanatory statement, annexed hereto and forming part of this notice."

**"RESOLVED FURTHER THAT** the Board be and are hereby authorized to revise, amend, alter and vary from time to time the terms and conditions of the appointment including remuneration, as long as the remuneration payable do not exceed the remuneration limits specified in any of the provisions of the Act read with Schedule XIII to the Act or any other amendments thereto."

4. To consider and if thought fit, to pass the following resolution as a special resolution through voting by postal ballot:

**"RESOLVED THAT** pursuant to Section 314(I-B) of the Companies Act 1956 and subject to prior approval of the Central Government and subject to such other consents, approvals, permissions as may be required, the approval of the Company be and it is hereby accorded to the 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 7<sup>th</sup> November, 2011 on such terms and conditions as set out in the explanatory statement, annexed hereto and forming part of this notice."

**Notes:**

- 1) An explanatory statement pursuant to Section 173 and Section 192A of the Companies Act, 1956 is appended hereto.
- 2) The Company is providing voting facilities to the Members only through postal ballot form.
- 3) In order to conduct the postal ballot process in a fair and transparent manner, the Board has appointed Mr. S V Deulkar, Practicing Company Secretary, Pune as the scrutinizer.
- 4) You are requested to carefully read the instructions printed on the postal ballot form enclosed hereto and return the completed and signed form in the enclosed prepaid self-addressed envelope.
- 5) The forms should reach the scrutinizer on or before the close working hours on 24<sup>th</sup> December, 2011. No other form or photo copy thereof is permitted. Any Member who has not received the postal ballot form may apply to the Company for a copy of the same.
- 6) Please note that any postal ballot form(s) received by scrutinizer after the said date will be treated as having not received.
- 7) The scrutinizer, after completion of scrutiny, will submit his report to Chairman & Managing Director of the Company on 28<sup>th</sup> December, 2011. The result will be put up on the Company's notice board on 29<sup>th</sup> December, 2011.
- 8) The special resolutions at Items 1, 2, 3 and 4 of the notice shall be declared as passed if votes cast in favour of the said resolutions by the Members so entitled and voting are not less than three times the number of votes, if any, cast against the same.

By Order of the Board of Directors,  
For **GARWARE-WALL ROPES LIMITED**

A. S. Wagle  
Company Secretary

Mumbai  
7<sup>th</sup> November 2011

**ANNEXURE TO THE NOTICE**

**EXPLANATORY STATEMENT**

(Pursuant to Section 173(2) and Section 192A of the Companies Act, 1956)

**Item No. 1**

It is proposed to alter the Articles of Association of the Company by inserting Article 151A after the existing Article 151 so as to include provision relating to appointment of the ex-Chairman in recognition of distinctive and meritorious contribution to the Company's business, as Chairman Emeritus in accordance with the provisions mentioned in the said articles.

The existing Articles of Association, as also a copy of the proposed amendments to the Articles of Association, are available for inspection at the Registered Office of the Company between 11.00 a.m. and 3.00 p.m. on any working days except all Saturdays and Sundays up to 24<sup>th</sup> December, 2011, being the last date for receipt of Postal Ballot Form.

Mr. V. R. Garware and Ms. Diya Garware Ibanez related to Mr. R. B. Garware, who has since been appointed as the Chairman Emeritus by Board of Directors at its meeting held on 7<sup>th</sup> November 2011, be deemed to be concerned and interested in the resolution. Save as aforesaid, none of the directors of the Company is, in any way, concerned or interested in the said resolution.

The Board recommends the resolution as set out in item No. 1 of the postal ballot notice for the approval of the Members.

**Item No. 2 and 3**

The Board of Directors at their meeting held on 7<sup>th</sup> November, 2011, took note that Mr. R. B. Garware would not like to continue as the Chairman & Managing Director of the Company after end of his tenure on 31<sup>st</sup> October, 2011.

Keeping in view the fact that Mr. V. R. Garware, has been working as Whole-Time Director from 1<sup>st</sup> December 1996 and that he had effectively contributed towards the growth of the Company's business and also has effectively managed the business of the Company, the Board thought it appropriate to elevate him to the position of Managing Director with a designation as Chairman & Managing Director ("CMD") for remaining period of his current tenure ending on 30<sup>th</sup> November, 2011.

The Board of Directors at its meeting held on 7<sup>th</sup> November, 2011, further decided to re-appoint Mr. V. R. Garware as a Managing Director, to be designated as Chairman & Managing Director of the Company for a period of 5 years from 1<sup>st</sup> December, 2011 to 30<sup>th</sup> November, 2011, as per the provisions of Section 269 read with Schedule XIII to the Companies Act, 1956, subject to the Members' approval and such other approval(s) as may be required in this behalf.

I) The CMD shall be entitled to the following remuneration on non-repatriation basis:

1. Salary: Basic Salary of Rs.40,00,000/- per annum.
2. Special Allowance: Rs. 6,53,000 per annum.
3. Perquisites:

i) The CMD shall be entitled to various perquisites including rent free fully furnished accommodation or house rent in lieu thereof up to 60 % of basic salary, medical expenses/allowance, leave travel allowance/ concession, travelling and halting allowances, group health insurance coverage and group accident insurance coverage. These perquisites would be either in the form of reimbursement of actual expenses or payment of allowance and the Board shall determine the individual amounts of these perquisites from time to time.

ii) The CMD shall be entitled to the Company's contribution to provident fund, employees' pension scheme and superannuation fund as per the rules of the Company.

iii) The CMD shall also be entitled to the benefits of gratuity as per the scheme for senior executive and earned leave and encashment of earned leave at the end of the tenure which shall not be included in the computation of the ceiling on remuneration.

iv) The CMD shall be entitled to a car with a driver for the use of the Company's business and that the telephone and other communication facilities will be provided at the residence of the CMD, which will not be considered as perquisites. However, use of car for private purpose and personal long distance calls on telephone shall be billed by the Company to the CMD.

4. Commission:

Besides the salary, special allowance and perquisites, the CMD shall also be paid remuneration by way of commission. The amount of commission shall be determined by the Board every year based on the net profit of the Company for the particular year such that total remuneration for any financial year shall not exceed 5% of net profit as determined as per the provisions of Section 198 read with Section 309 of the Companies Act, 1956.

5. The Board is at liberty to alter and vary the terms and conditions of the remuneration as above, as long as they do not exceed the remuneration limits specified in Schedule XIII to the Act or any other amendments thereto.

Notwithstanding anything contrary herein contained, wherein any financial year during the currency of tenure of the appointee, the Company has no profits or inadequate profits, the Company will pay remuneration by way of salary, perquisites and allowances as specified above, as minimum remuneration with a liberty to the Board to revise, amend, alter and vary the terms and conditions relating to remuneration payable to the CMD in such manner as may be permitted in accordance with provisions of the Act and Schedule XIII thereto or any modification thereto.

For the purpose of computation of minimum remuneration, the following shall not be included:

- a) Contribution to provident fund, superannuation fund or annuity fund to the extent of these either singly or put together are not taxable under the Income Tax Act, 1961;
- b) Gratuity at a rate not exceeding half a month's salary for each completed year of service; and
- c) Encashment of leave at the end of the tenure.

II) Other Terms and Conditions include

1) The CMD shall not, during the continuance of employment with the Company, without previous written consent of the Board and the Central Government wherever necessary,

- a) become interested or otherwise concerned directly or indirectly in any agency of the Company;
- b) engage or interest himself, directly or indirectly (except as a member/shareholder or debenture holder of any limited liability company) in similar or competing business; and
- c) divulge or disclose any of the Company's secrets or confidential information.

2) The CMD, upon ceasing to be in employment of the Company,

- a) shall not for a period of 1 year engage in similar or competing business; and
- b) shall return any property of the Company in his possession or under his control.

3) The employment may be terminated,

- a) by either party by giving to the other party 90 days' notice in writing; or
- b) in the event of the CMD being guilty of misconduct or gross negligence in the discharge of his duties.

The terms of employment/appointment as Managing Director along with the memorandum of interest or concern as stated hereunder may be treated as abstract of arrangement and memorandum of interest of directors under Section 302 of the Companies Act, 1956.

Ms. Diya Garware Ibanez, director being related to Mr. V. R. Garware be deemed to be concerned and interested in the resolution. Save as aforesaid, none of the directors of the Company is, in any way, concerned or interested in the said resolutions.

The Board recommends the resolution as set out in item Nos. 2 and 3 of the postal ballot notice for the approval of the Members.

#### Item No. 4

Mr. R. B. Garware joined the Company as director on 25<sup>th</sup> September 1989. He was elected by the Board as Chairman from 20<sup>th</sup> November 1990. He worked as Chairman without any remuneration. He was appointed as Managing Director for a period of five years from 1<sup>st</sup> November, 2006 and was designated as Chairman & Managing Director. Accordingly an Agreement was entered into between the Company and Mr. R. B. Garware. The five years period ended on 31<sup>st</sup> October, 2011.

Mr. R. B. Garware had communicated his desire, not to continue in the present position. However, the Board felt that, the Company would greatly benefit, if he continues to advise on the key aspects of the Company's business and in particular on business strategies and long term policies. After great persuasion by the Board, Mr. R. B. Garware has agreed to give need based advice on key aspects of the Company's business.

The Members are aware that Mr. R. B. Garware laid out the mission and vision for the Company which have been the guiding light for the entire organisation in continuously striving to scale greater heights. Under the inspiring leadership of Mr. R. B. Garware, the Company could achieve a position of global pre-eminence in the synthetic cordage industry. It was his vision that the Company should diversify into manufacturing of netting and finished nets that led to setting-up a new manufacturing plant at Wai, in the year 1993. This strategic decision has been the catalyst in the profitable growth of the Company in the face of various challenges over the years. Under his leadership, the Company has achieved its status as an industry leader in India. His contribution is well reflected in the uninterrupted profits and dividend record of the Company, since he became the Chairman of the Company.

As per recommendation of Selection Committee, constituted by the Board in accordance with the provisions of Director's Relatives (Office or Place of Profit) rules, 2011, it is proposed by the Board to appoint Mr. R. B. Garware as "Corporate Advisor" for a period of five years, with effect from 7<sup>th</sup> November, 2011, on payment/provision of following:

- A) Mr. R. B. Garware to advise the management of the Company on matters relating to strategic, policy & finance matters as and when referred to and also make visits in India and abroad for business purposes as may be required by the management from time to time.
- B) Remuneration
  - a) Advisory fees of Rs. 5,00,000/- per month.
  - b) Provision of chauffer driven car for the Company's work.
  - c) Reimbursement of expenses including lodging and boarding expenses for travel in India and abroad incurred in the course of the Company's work.
  - d) Reimbursement of service tax, if any.

Mr. R. B. Garware is relative of Mr. V. R. Garware and Ms. Diya Garware Ibanez two of the directors of the Company and hence, Mr. R. B. Garware is deemed to hold an office or place of profit under Section 314 of the Companies Act, 1956. Therefore, consent of the Members by special resolution is required. The Board recommends the Members to accord their consent for appointment as Corporate Advisor on the terms and conditions stated above. The Company would seek the approval of the Central Government in accordance with the provisions of the Companies Act, 1956, if so required.

Mr. V. R. Garware and Ms. Diya Garware Ibanez being related to Mr. R. B. Garware be deemed to be concerned and interested in the resolution. Save as aforesaid, none of the directors of the Company is, in any way, concerned or interested in the said resolution.

The Board recommends the resolution as set out in item No. 4 of the postal ballot notice for the approval of the Members.

By Order of the Board of Directors,  
For **GARWARE-WALL ROPES LIMITED**

A. S. Wagle  
Company Secretary

Mumbai  
7<sup>th</sup> November 2011