



# **ANNUAL REPORT 2005 - 2006**



**ANIL PRODUCTS LIMITED**

## ANIL PRODUCTS LIMITED

### BOARD OF DIRECTORS

Shri Shripal C Sheth - Chairman & Managing Director

Shri Amol S Sheth - Managing Director

Shri Kamal R Sheth

Shri Anish K Shah

Smt. Indira J Parikh

### AUDITORS

M/s Deloitte Haskins & Sells,  
Chartered Accountants  
Ahmedabad

### BANKERS

Bank of India

Lord Krishna Bank Ltd.

Allahabad Bank

ISIN No.: INE125E01019

### REGISTRAR & SHARE TRANSFER AGENT

Pinnacle Share Registry P. Ltd,  
Ashoka Mills Compound, Naroda Road, Ahmedabad -380 025  
Phone: 079-22204226

### REGISTERED OFFICE

P. O. Box - 10009  
Anil Road,  
Ahmedabad - 380 025

## NOTICE

NOTICE is hereby given that the Annual General Meeting of the Members of the Company will be held on Wednesday, the 27th day of September, 2006 at 9.30 a.m. at Ahmedabad Textile Mills Association (ATMA) Hall, Ashram Road, Ahmedabad-380009, to transact the following business:

**ORDINARY BUSINESS:**

1. To receive and adopt the Directors' Report and audited Balance Sheet as at 31st March 2006 with the documents required by law to be annexed thereto.
2. To declare dividend.
3. To appoint a Director in place of Smt. Indira J Parikh, who retires by rotation under provisions of Articles of Association of the Company and, being eligible, offers herself for reappointment.
4. To appoint Auditors and to fix their remuneration.

**SPECIAL BUSINESS:**

5. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as Special Resolution: **RESOLVED THAT** pursuant to the provisions of sections 198 and 269, 309, 311, 314(B) read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the consent of the company be and is hereby accorded to the re-appointment of Shri Shripal C. Sheth, as a Chairman & Managing Director of the company for a further period of 5 years from 18th October, 2006, on the terms and conditions as set out in the draft agreement of the appointment submitted to the meeting and initialed by the Chairman for identification **AND THAT** he be paid remuneration by way of salary and perquisites as set out in the Explanatory Statement.  
**FURTHER RESOLVED THAT** the Board of Directors be and are hereby authorised to enhance, enlarge, alter or vary the scope and quantum of remuneration and perquisites payable to Shri Shripal C. Sheth, as the board in its absolute discretion, may deem proper from time to time, considering the nature and scope of his activities and as shall be permissible and in conformity with Schedule XIII and other applicable provisions of Companies Act, 1956.
6. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as Special Resolution: **RESOLVED THAT** pursuant to the provisions of sections 198, and 269, 309, 311, 314(B) read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the consent of the company be and is hereby accorded to the re-appointment of Shri Amol S Sheth, as a Managing Director of the company for a further period of 5 years from 18th October, 2006, on the terms and conditions as set out in the draft agreement of the appointment submitted to the meeting and initialed by the Chairman for identification **AND THAT** he be paid remuneration by way of salary and perquisites as set out in the Explanatory Statement.  
**FURTHER RESOLVED THAT** the Board of Directors be and are hereby authorised to enhance, enlarge, alter or vary the scope and quantum of remuneration and perquisites payable to Amol S Sheth, as the board in its absolute discretion, may deem proper from time to time, considering the nature and scope of his activities and as shall be permissible and in conformity with Schedule XIII and other applicable provisions of Companies Act, 1956.
7. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as Special Resolution: **RESOLVED THAT** pursuant to the provisions of section 309 and other applicable provisions, if any, of the Companies Act, 1956 and subject to approval from Central Government, if necessary, commission at a rate not exceeding 1% of the net profits of the company, calculated in accordance with the provisions of Section 198, 349 and 350 of the Companies Act, 1956 be paid and distributed amongst the Directors of the Company or some or any of them (other than the Managing Director, Wholtime Director (s)) in such amounts, subject to such ceilings and in such manner and in all respects as may be decided and directed by the Board of Directors and such payments shall be made for each year for a period of 5 (five) years commencing from 1st October 2006.

**Registered Office:**

P O 10009, Anil Road,  
Ahmedabad - 380 025.

**Date: May 13, 2006**

By Order of the Board

Manoj Kumar Jain  
Company Secretary

**NOTES:**

1. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the business under item No. 5 and 6 set out above are annexed hereto.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and on a poll, to vote instead of himself. A proxy need not be member of the company.
3. Members/ proxies should bring attendance slip, duly filled in, for attending the meeting.
4. Members / proxies attending the meeting should bring their copy of the Annual Report for reference at the meeting.
5. Members desirous of obtaining any information concerning the accounts of the company are requested to address their questions to the company so as to reach at least 10 days before the date of the Annual General Meeting, so that the information required will be made available at the meeting, to the best extent possible.
6. The Register of Members and the share transfer books of the Company will remain closed from 21st September 2006 to 27th September 2006 (both days inclusive).

**ANIL PRODUCTS LIMITED****EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173 OF THE COMPANIES ACT 1956.****ITEM NO. 5 & 6**

Re-appointment of Shri Shripal C Sheth as Chairman & Managing Director and Shri Amol S Sheth as Managing Director of the Company

The present term of Shri Shripal C Sheth as Chairman & Managing Director and Shri Amol S Sheth as Managing Director of the Company is upto 17th October 2006. The Board of directors and Remuneration Committee in their meeting held on 13/05/2006 approved their re-appointment for a further period of five years from 18th October 2006.

The Material terms of remuneration payable to each of them in accordance with para II of the Schedule XIII are as under:

- I (a) Basic Salary:  
Rs. 1,25,000/- per month to Shri Shripal C. Sheth  
Rs. 1,25,000/- per month for Shri. Amol S. Sheth
- (b) Perquisites:  
In addition to the salary the following perquisites shall be payable to both the Managing Directors:
  - (i) Fully furnished house or House Rent Allowance in lieu thereof.
  - (ii) Expenditure incurred on gas, electricity, water and servants etc.
  - (iii) Mediclaim Policy, Personal Accident Insurance, Leave Travel Concession and Club Fees as per the Rules of the company.
  - (iv) Allowances amounting to Rs. 8,25,000/- per annum.

Perquisites payable to both the Managing Directors shall be valued as per Income Tax Rules, wherever applicable, and in the absence of any such Rules, perquisites shall be valued at actual costs.  
The salary and perquisites as mentioned under I (a) and (b) hereinabove shall be exclusive of:

  - i. Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together, are not taxable under the Income Tax Act, 1961.
  - ii. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and
  - iii. Encashment of leave at the end of the tenure.
- II. Commission: Commission @2.5% of the net profit of the company computed in the manner laid down under the provisions of Companies Act 1956 and also subject to discretion of the Board at the time of close of the relevant financial year of the Company.  
Apart from remuneration both the Managing Directors will be entitled to:
  - a. Free use of the Company's car with driver, for the business of the Company.
  - b. Free telephone facility at residence.
  - c. Reimbursement of expenses actually and properly incurred by him for the business of the Company.
- III. In the event of loss or inadequacy of profits in any year, the Managing Director shall be entitled to the above remuneration by way of salary and perquisites as minimum remuneration subject, however, to the condition that the same shall not exceed the limits prescribed in the Schedule XIII of the Companies Act, 1956.  
The Board of Directors recommends this resolution for your consideration and approval.  
Shri. Shripal C. Sheth and Shri Amol S Sheth may be deemed to be concerned or interested in the said resolutions as they relate to their appointment and payment of remuneration to them as managing directors.  
Shri Shripal C. Sheth and Shri Amol S. Sheth may be deemed to be concerned or interested since they are related interested as father and son respectively. None of the other directors of the company is in any way concerned or interested in the resolutions.  
The above Explanatory Statement sets out an abstract of the material terms of the contract with Managing Directors and the same be treated as an abstract of Memorandum of Interest in accordance with section 302 of the Companies Act, 1956.

**ITEM NO. 7**

Section 309 of the Companies Act 1956 permits the payment of remuneration to a Director who is neither a Wholetime Director, nor a Managing Director of a company, by way of Commission not exceeding 1% of the net profit of the Company, if the company authorises such payment by way a special Resolution at the General Meeting of the company.

The members are informed that the Company has inducted independent Directors on its Board from various industries and professions whose guidance and expert knowledge would be tremendous help to the company. In view of the increased demands on Non- Executive Directors' participation in Board and Committee Meetings and the higher responsibilities they are expected to bear in the interest of higher level of excellence in Corporate Governance, it is proposed to pay to them commission not exceeding 1% of the net profits of the company for each year for a period of 5 years commencing from 1st October 2006 with the approval of the Central Government, if any required.

The payment of remuneration by way of commission to Non-Executive Directors will be in addition to the sitting fees payable to them for attending each meeting of the Board / Committee

The Board of Directors recommends this resolution for your consideration and approval.

The Directors of the Company may be deemed to be concerned or interested in the resolution to the extent of remuneration that may be received by them.

**Registered Office:**

P O 10009, Anil Road,  
Ahmedabad - 380 025.

Date: May 13, 2006

By Order of the Board

Manoj Kumar Jain  
Company Secretary

## DIRECTORS' REPORT

Gentlemen,

Your Directors have pleasure in presenting their Annual Report and audited Accounts of the Company for the year ended 31st March 2006.

# 1. FINANCIAL RESULTS

	(Rupees in Lacs)	
	2005-06	2004-05
Profit before Depreciation and tax	668.82	525.70
Less: Depreciation	237.83	199.97
Profit Before Tax	430.99	325.73
Less: Provision for Taxation		
Current Tax	62.04	
Fringe Benefit Tax	8.36	26.05
Deferred tax	157.32	122.56
Short Provision for earlier year	0.03	
Profit After Tax	203.24	177.12
Add: Balance of Profit of previous years	511.83	376.54
Proposed Dividend	37.00	37.00
Tax on dividend	5.19	4.83
Balance carried to Balance Sheet.	672.88	511.83

# 2. DIVIDEND

Considering various factors such as requirement of funds, present market conditions etc., for the year under review, your directors have recommended a dividend of 5% on equity shares of the Company. The Company is liable for tax @ 14.03% on distribution of dividend. The dividend and tax thereon will absorb Rs. 42.19 lacs for which necessary provision has been made in the accounts.

# 3. OPERATIONS

Your Directors are pleased to report that your company has remained cost conscious round the year and has put in a lot of efforts for efficiency improvement. As a result of this, for the year under review, inspite of competitive market conditions, your company, through strategic planning & sustained efforts coupled with continued focus on increasing productivity and minimizing the costs, has been able to achieve better results. During the year under report, the Company has achieved a gross turnover of Rs. 18232.13 lacs as compared to Rs. 18134.61 lacs during the previous year and the operations for the year under review have resulted into a net profit of Rs. 203.24 lacs as against Rs. 177.12 Lacs for the preceding year.

Your directors expect even better results for the current year.

# 4. INDUSTRIAL RELATIONS

The industrial relations remained cordial throughout the year. Human resources development, employee/workmen training and safety measures continued to receive higher attention.

# 5. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

A statement giving details of conservation of energy, technology absorption and foreign exchange earnings and outgo, in accordance with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is annexed hereto and forms part of the Report.

# 6. INSURANCE

Company's buildings, plant and machineries, stocks and other properties wherever necessary and to the extent required have been adequately insured.

# 7. DIRECTORS

Under Article 129 of the Articles of Association of the Company, Smt Indira J Parikh retires by rotation and being eligible offer herself for re-appointment.

# 8. PUBLIC DEPOSITS

Public Deposits accepted by the company as at 31st March 2006 aggregated to Rs. 620.09 Lacs. Your company has no over due deposits but deposits aggregating to Rs. 6.43 Lacs from 77 depositors though matured, had neither been claimed nor renewed until 31st March, 2006.

**ANIL PRODUCTS LIMITED****9. RELATED PARTY TRANSACTIONS**

As a matter of policy, the company enters into transactions with related parties on an arms-length basis other than loans to employees. The details of related party transactions are given in notes forming part of accounts.

**10. CORPORATE GOVERNANCE**

Your company is committed to the tenets of good corporate governance and has taken adequate steps to ensure that the requirements of Corporate Governance as laid down in Clause 49 of the Listing Agreement are complied with.

A separate report on Corporate Governance and a Management Discussion and Analysis report are being published as a part of the Annual Report of the company.

**11. DIRECTOR'S RESPONSIBILITY STATEMENT**

In terms of section 217(2AA) of the Companies Act, 1956, your Directors confirm:

1. that in preparation of annual accounts, the applicable accounting standards have been followed and that no material departures have been made from it;
2. that we 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 at the end of the financial year ended on 31st March, 2006 and for the profit of the Company for that period;
3. that we 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;
4. that we have prepared the annual accounts on a going concern basis.

**12. PARTICULARS OF EMPLOYEES**

The Company has not employed any person drawing remuneration aggregating not less than Rs.2,00,000/- per month, hence information as per section 217(2-A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, is not applicable.

**13. AUDITORS AND AUDITORS' REPORT:**

M/s Deloitte, Haskins & Sells, Chartered Accountants, Ahmedabad, retire as auditors of the company at the ensuing Annual General Meeting and are eligible for re-appointment.

The specific notes forming part of the Accounts referred to in the Auditors Report are self explanatory and do not call for any further explanation under section 217 (3) of the Companies Act, 1956.

**14. APPRECIATION**

Your Directors place on record their deep appreciation for the continued co-operation, assistance and guidance provided by Banks, Investors, Customers, Suppliers, Shareholders, Depositors, dealers and other stakeholders

Your Directors also place on record their deep appreciation for the dedication and commitment of the employees of the company, which enabled the Company to perform well despite of severe competition and adverse market conditions.

On behalf of the Board,

Date : May 13, 2006

Place : Ahmedabad

**Shripal C. Sheth**

Chairman & Managing Director

**ANNEXURE TO THE DIRECTORS' REPORT (UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956)****A. CONSERVATION OF ENERGY:****(a) Energy Conservation measures taken:**

The Company lays great emphasis on the conservation of energy and as part of continuous effort for conservation of energy several measures have been taken during the year such as: (i) Generation of Bio-gas from the factory's effluent has been continued, (ii) Reutilization of condensate steam, (iii) Several measures for reduction in consumption of water & electricity.

**(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:**

Conservation of energy has been given top priority and a specific team dedicated for energy conservation has been actively identifying areas wherever there is a scope for energy saving. Specific studies have been undertaken and measures suggested for optimizing utilization of energy, improving steam condensate recovery, improving power factor for ultimate reduction in cost of steam and electricity.

**(c) Impact of measures taken:**

The adoption of energy conservation measures have resulted in more efficient utilization of steam as well as power.

**(d) Total energy consumption per unit of Production:**

## ANNUAL REPORT

## FORM A

I. POWER AND FUEL CONSUMPTION:		2005-06	2004-05
1.	ELECTRICITY:		
	Purchased		
	Unit '000 KWH	26580.53	26354.23
	Total Amount (Rs. in Lacs)	1012.45	1039.92
	Rate per unit	3.81	3.95
2.	COAL-GRADES B TO E:		
	Quantity (M.T.)	1607.48	15153.92
	Total Cost/Rs. in Lacs	55.46	414.02
	Average Rate (Rs. per M.T.)	3450.12	2732.12
3.	FURNACE OIL:		
	Quantity (K.L.)	846.26	1185.00
	Total Amount (Rs. in Lacs)	135.54	158.91
	Average Rate (Rs. per K.L.)	16010	13410
4.	LIGNITE & OTHERS:		
	Quantity (M.T.)	44755.795	31366.935
	Total Cost (Rs. in Lacs)	740.64	493.75
	Average Rate (Rs. per M.T.)	1654.85	1574.13
II. CONSUMPTION PER M.T. OF PRODUCTION			

	ELECTRICITY		STEAM	
	Current Year		Current Year	
	STD	KWH	STD	M.T.
Chemicals	—	204	—	1.38
	—	(203)	—	(1.36)
Processed Foods	—	131	—	3.04
	—	(132)	—	(2.94)

NOTE: Figures in brackets relate to previous year.

## B. TECHNOLOGY ABSORPTION

## FORM B

## RESEARCH AND DEVELOPMENT:

## (a) Specific Areas in which R&amp;D carried out by the Company:

The Company's R&D Center has been approved by the Department of Science & Technology since 1974 and it has been actively engaged in carrying out R&D in several areas including process and Product improvement. It has also been working on development of new products and newer applications for specific customers.

## (b) Benefits derived as a result of R&amp;D

- The company has been able to develop and manufacture speciality starches suitable for specific end use and finding specific applications in the targeted industries.
- Reduction of cost of production and improvement in the quality of the products.

## (c) Future plan of action

The Company will continue to lay emphasis on the main areas of R&D set out under para (a) above.

## (d) Expenditure on R&amp;D

	2005-2006	2004-2005
	Rs. in Lacs	Rs. in Lacs
Capital	0.36	4.82
Recurring	11.50	8.81
Total	11.86	13.63
Total R&D Expenditure as percentage of total turnover	0.08%	0.09%

## TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATIONS:

Through continuous interaction with R&D center, efforts are made towards technology absorption, adoption and innovation. The thrust areas have been the improvement of quality of all the products, increase in productivity through cost effective programs and development of related products for various end uses.

## C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The information is given in Notes forming part of the accounts. Members are requested to refer the said notes.



**ANIL PRODUCTS LIMITED****REPORT ON CORPORATE GOVERNANCE**

(Pursuant to clause 49 of the listing agreement)

A brief statement on company's philosophy on code of Governance:

The company always strives to achieve optimum performance at all levels by adhering to corporate governance practices, such as:

- Fair and transparent business practices.
- Effective Management Controls at all levels.
- Adequate representation of promoter, executive and independent directors on the board.
- Accountability for performance at all levels.
- Monitoring of executive performance by the Board.

**Board of Directors:**

There are five members on the Board of the company comprising of two Executive Directors and three independent directors. There is no institutional nominee on the board.

The list of composition and categories of directors are:

Sr	Name of director	Executive / Independent	No. of other directorship in Public Limited Companies	No. of other Board Committees of which Member/ Chairman
1	Mr. Shripal C. Sheth	C.M.D.	3	1
2	Mr. Amol S. Sheth	M.D.	4	Nil
3	Mr. Kamal R. Sheth	N E D (I)	5	Nil
4	Mr. Anish K. Shah	N E D (I)	Nil	Nil
5	Dr. Indiraben J. Parikh	N E D (I)	4	1

CMD – Chairman cum Managing Director – Executive & Non Independent.

MD – Managing Director – Executive & Non Independent.

NED (I) – Non-Executive Director (Independent)

**Board procedure:**

Board meetings are governed by a structured agenda and any director may bring up any matter for consideration of board at the meeting, in consultation with the chairman. Agenda papers are generally circulated to the members of the board well in advance.

**Board Meetings:**

During the year, the Board of Directors met 4 times on 04/05/2005, 31/07/2005, 21/10/2005 & 31/01/2006. The details of attendance of meetings of the Board of Directors are given below:

Name of Directors	No. of Meetings held when the director was on board	No. of meetings attended	Whether present at previous AGM
Shri Shripal C. Sheth	4	3	No
Shri Amol S. Sheth	4	4	Yes
Smt. Indira J. Parikh	4	1	No
Shri Kamal R. Sheth	4	3	Yes
Shri Anish K. Shah	4	4	Yes

Details of the various committees constituted by the board of directors of the company are as mentioned below. The terms of reference of these committees have been determined by the board from time to time.

The Board lays down the Code of Conduct for all Board members and senior management of the company. Same has been posted on the website of the Company.

**Audit Committee:****Terms of Reference**

The Terms of Reference of this committee cover the matters specified for Audit Committees under Clause 49 of the Listing Agreement as well as in Section 292A of the Companies Act, 1956, and are as follows:

- (a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.



**ANNUAL REPORT**

- (b) Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- (c) Reviewing with the management the annual financial statements before submission to the Board, focusing primarily on:
- Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.
  - Any changes in accounting policies and practices.
  - Major accounting entries based on exercise of judgment by management.
  - Qualifications in draft audit report.
  - Significant adjustments arising out of audit.
  - The going concern assumption.
  - Compliance with accounting standards.
  - Compliance with Stock Exchange and legal requirements concerning financial statements.
  - Any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large.
- (d) Reviewing, with the management, the quarterly financial statement before submission to the board for approval.
- (e) Reviewing with the management, external and internal auditors the adequacy of internal control system;
- (f) Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- (g) Reviewing with management, Management Discussion and Analysis of financial condition and results of operation.
- (h) Discussions with internal auditors any significant findings and follow up thereon.
- (i) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- (j) Discussions with external auditors before the audit commence, about the nature and scope of the audit as well as have post-audit discussions to ascertain any area of concern.
- (k) Reviewing the Company's financial and risk management policies.
- (l) To look into the reasons for substantial defaults in the payment to the depositors, debentures holders, shareholders (in case of nonpayment of declared dividends) and creditors.

**Composition, meeting and attendance during the year**

The Audit Committee comprises of three Independent & Non-Executive Directors. During the financial year ended March 31, 2006, the committee met four times on April 30, 2005, July 31, 2005, October 21, 2005 and January 31 2006. The attendance of the each member of the Committee is given below:

Directors	Chairman / Member	Category	No. of mtgs. Attended	Remarks
Smt. Indira J Parikh	Chairperson	I & N. E. D.	1	—
Shri Kamal R Sheth	Member	I & N. E. D.	4	—
Shri Anish K Shah	Member	I & N. E. D.	4	—

The composition of the Audit Committee meets the stipulated minimum requirement of independent directors. CFO and Company Secretary, General Manager- Finance, Statutory Auditors and Internal Auditors are invitees to the meeting. The Company Secretary acts as the secretary of the committee. The quorum shall be either two members or one third of the members of the audit committee whichever is higher with a minimum of two independent directors.

**Share Transfer-cum-investors Grievances Committee:**

The Board has re-constituted the Share Transfer cum Investors Grievances Committee on 21st October 2005 consisting of Shri Kamal R. Sheth, Anish K Shah and Shri Amol S. Sheth members of the committee. Shri Kamal R Sheth (Independent and non executive Director) has been appointed as chairman of the Committee. The terms of reference of the Committee are:

1. To look into the redressal of investors grievances relating to
  - a) Transfer and Dematerialization / Rematerialization of shares
  - b) Issue of duplicate share certificates.
  - c) Non-receipt of shares, dividends etc.

**ANIL PRODUCTS LIMITED**

2. To look into other related issues towards strengthening investor's relation.

The members of Share transfer cum investors Grievances Committee normally meet twice every month.

During the year, the company has not received any complaints. There is no complaint pending as on 31st March 2006. Mr. Manoj Kumar Jain, Company Secretary is the compliance officer of the Company.

**Remuneration Committee:**

The Board of Directors of the Company constituted the "Remuneration Committee" on 13/05/2006 to formulate Company's policy on specific remuneration packages for Executive Directors including pension rights and any compensation payment.

Committee comprises Shri Anish K Shah as Chairman and Shri Kamal R Sheth and Smt. Indira J Parikh as members. All the three members of the Committee are independent directors

**Remuneration Policy**

Remuneration Committee determines and recommends to the Board, the compensation of the Directors. The key components of the Company's Remuneration policy are:

- Compensation will be a major driver of performance.
- Compensation will be competitive.
- Compensation will be transparent, fair and simple to administer.
- Compensation will be fully legal and tax compliant

The details of remuneration of Managing Directors of the company for the financial year 2005-2006 are given below:

Particulars	Mr. Shripal C. Sheth, Chairman-cum-Managing Director	Mr. Amol S. Sheth, Managing Director
Salary	15.00 lacs	15.00 lacs
Contribution to PF & Other Funds	1.80 lacs	1.80 lacs
Perquisites	6.71 lacs	7.01 lacs
Total	23.51 lacs	23.81 lacs

The company is not paying any remuneration to its Non-Executive Directors. The details of sitting fees paid to the Non-Executive Directors during the financial year 2005-2006 are given below:

Sr.	Name of the Non-Executive Director	Sitting Fees (Rs.)
1.	Mr. Kamal R. Sheth	1500/-
2.	Mr. Anish K. Shah	2000/-
3.	Dr. Indiraben J. Parikh	500/-

**General Body Meetings:**

The last three Annual General Meetings of the company were held as under:

Day & Date of AGM	Time	Venue
Wednesday, the 24th September, 2003	9:30 AM	Ahmedabad Textile Mills Association Hall, Ashram road, Ahmedabad.
Tuesday, the 28th September, 2004	9:30 AM	Ahmedabad Textile Mills Association Hall, Ashram road, Ahmedabad.
Thursday, the 22nd September, 2005	9.30 AM	Ahmedabad Textile Mills Association Hall, Ashram road, Ahmedabad.

Resolutions at above annual general meetings were passed by show of hands. None of the resolutions were placed before the above-referred Annual General Meetings, which required to be passed by postal ballot. During last three financial years, no any extra ordinary general meeting was held.

**Details of Directors seeking Appointment/Reappointment at the Annual General Meeting:**

**Smt. Indiraben J Parikh**, retires by rotation and being eligible offers herself for reappointment. Smt. Indiraben J Parikh is a director of the Company since 2003. She is MA, Ed (University of Rochester, NV), and Ph. D. She is 62 years old. She was the Dean in Indian Institute of Management, Ahmedabad (IIM-A) and specializes in Organization Development. She is having wide experience in the area of Organization development. She is on the Board of Tudor India Ltd., M P Power