

**TWENTY-THIRD  
ANNUAL REPORT  
2005-2006**

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**ashima**  
LIMITED

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## ASHIMA LIMITED

### TWENTY-THIRD ANNUAL REPORT 2005-2006

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**BANKERS**

Bank of Baroda  
UTI Bank Ltd.  
State Bank of Saurashtra  
United Bank of India

**BOARD OF DIRECTORS**

Mr. Chintan N. Parikh	- Chairman & Managing Director
Mr. Saurabh V. Shah	- Director
Dr. Bakul H. Dholakia	- Additional Director
Mr. Bihari B. Shah	- Additional Director
Mr. J. R. Baxi	- Director
Mr. S. K. Tandon	- Nominee Director
Mr. Nitin D. Parekh	- Executive Director

**AUDITORS**

M/s Dhirubhai Shah & Co.,  
Chartered Accountants,  
Ahmedabad

**VICE-PRESIDENT (CORPORATE FINANCE)  
AND COMPANY SECRETARY**

Mr. B. Ravi

**SHARES LISTED ON  
STOCK EXCHANGES AT ;**

Ahmedabad  
Mumbai  
National Stock Exchange

**WORKS****REGISTERED OFFICE**

310, Ashima House,  
Kavi Nanalal Marg,  
Ellisbridge,  
Ahmedabad - 380 006

1B, Ashima Complex,  
Kalol - Kadi Highway,  
Village Karannagar,  
Taluka : Kadi,  
District Mehsana  
North Gujarat

Texcellence Complex,  
Nr. Anupam Cinema,  
Khokhara-Mehmedabad,  
Ahmedabad-380 021

**ASHIMA LIMITED****Directors' Report**

Dear members,

Your directors take pleasure in submitting the twenty third annual report of the company together with audited statement of accounts for fifteen months period ended on March 31, 2006.

**1. Financial results**

Your company's performance during the above period is summarised below:

<b>Particulars</b>	<b>(Rs. in lacs)</b>	
	<b>31.3.2006 (15 months)</b>	<b>31.12.2004 (12 months)</b>
Profit before interest, depreciation, exceptional and extraordinary items (Net)	4584.44	2719.22
Less : Interest	2551.21	8229.66
Profit / (Loss) before depreciation, exceptional & extraordinary items (Net)	2033.23	(5510.44)
Less/(Add) : Depreciation & amortisation of expenses	2108.09	(3125.90)
Loss before tax, exceptional & extraordinary items (Net)	74.86	8636.34
Add : Provision for tax	30.91	4.00
Loss after tax and before exceptional and extraordinary items (Net)	105.77	8640.34
Add : Exceptional & extraordinary items (Net)	6419.44	534.38
Add : Prior period adjustment (Net)	40.97	207.62
Loss after tax, exceptional & extraordinary items (Net)	6566.18	9382.34
Add: Loss brought forward from previous year	27773.54	17352.68
Add: Intangibles written off	-	1038.52
Deficit carried to balance sheet	<b>34339.72</b>	<b>27773.54</b>

**2. Extension of accounting year**

The company has extended the accounting year from December 31, 2005 to March 31, 2006 in order to align the accounting year of the company with the financial year and thus the period of this annual report is fifteen months. With this extension of accounting year the period upto which the twenty third annual general meeting of the company could be held is extended upto September 30, 2006.

**3. Dividend**

Your directors wish to inform you that in view of the losses suffered by your company during the period under review and carried forward losses of earlier years, they are unable to pay any dividend on preference shares and also unable to recommend any dividend on the equity shares of the company.

**4. Subsidiary companies**

The company has two subsidiary companies in the name of, Ashima Cottons Private Limited and Ashima Textiles Inc., USA.

In terms of the approval granted by the Central Government under section 212(8) of The Companies Act, 1956, copy of the balance sheet and profit and loss account, report of the board of directors and the auditor's report of the subsidiary companies have not been attached with the balance sheet of the company. The company will make available these documents/details, if and when requested by the members of the company. It may however be noted that in terms of accounting standard AS-21 of The Institute of Chartered Accountants of India, consolidated financial statements have been presented which includes the financials of the subsidiary companies.

**5. Performance of the company**

The operational performance of the company during the period improved from the last year with the operational profit showing an increase to Rs.37.14 crores (annualized) as compared to Rs. 31.30 crores last year. The increase in furnace oil prices by more than 50% has affected the company's operating profits which would have been better had it not been for this. The profitability has also been affected due to compliance with the requirements of Accounting Standard 9 issued by The Institute of Chartered Accountants of India.

The soft cotton prices overall, steady performance of all divisions and improved sales realisation in shirtings division has been the highlights of the good performance. The company's constant endeavour of product improvement and differentiation saw it introduce various new products especially around August 2005, which has improved the overall performance.

The detailed discussions on the performance is highlighted in the management discussions and analysis attached to this report.

**6. Awards**

The company has been awarded the prestigious GOLD AWARD from Greentech Foundation, New Delhi for excellence in environment protection in textile sector for the year 2005. The company was individually certified for quality and environmental management system (QMS & EMS). Your company is the first textile company to adopt and get certified for **"Integrated Quality And Environmental Management System"** under a common certificate from BVQI.

**7. Listing agreement**

The equity shares of the company are presently listed on stock exchanges at Ahmedabad, Mumbai and National Stock Exchange.

**8. Corporate governance**

The report on corporate governance along with management discussion and analysis and certificate of compliance from statutory auditors forms part of this annual report.

The certificate of the statutory auditors of the company certifying compliance of conditions of the corporate governance as per clause 49 of the listing agreement is annexed with the report of corporate governance & management discussion & analysis.

**9. Director's responsibility statement**

Pursuant to requirements of section 217(2AA) of the Companies Act, 1956 and on the basis of information placed before them the directors confirm that:

- (i) In the preparation of the annual accounts for financial year 2005-2006, the applicable accounting standards have been followed along with proper explanation relating to material departures if any.
- (ii) They have selected appropriate accounting policies and have 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 March 31, 2006 and of the loss of the company for the said period.
- (iii) They have taken proper and sufficient care to the best of their knowledge 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.

- (iv) They have prepared the annual accounts on a going concern basis.

**10. Directors**

During the year under review IDBI withdrew Mr. J. John as their nominee from the board of the company w.e.f. October 14, 2005. Dr. Bakul H. Dholakia resigned from the board due to his pre-occupations w.e.f. November 11, 2005 and was re-appointed as additional director on board of the company w.e.f. April 28, 2006.

Mr. Bihari B. Shah was appointed as additional director on the board of the company w.e.f. January 5, 2006.

The board wishes to put on record the appreciation of services rendered by the directors during their tenure with the board.

At the ensuing annual general meeting Mr. Nitin D. Parekh is to retire by rotation, and being eligible, offers himself for re-appointment.

The company has received a notice from a member of the company u/s 257 of the Companies Act, 1956 proposing candidature of Mr. Bihari B. Shah as director of the company.

**11. Insurance**

All the properties and insurable interests of all the divisions of the company including plant and machinery, stocks and liabilities under the legislative enactments are adequately insured.

**12. Auditors**

M/s. Dhirubhai Shah & Company, Chartered Accountants, Ahmedabad retire at the ensuing annual general meeting of the company and are eligible for re-appointment. They have given their consent to act as auditors of the company, if re-appointed. You are requested to re-appoint M/s. Dhirubhai Shah and Company, Chartered Accountants as auditors to hold the office till the next annual general meeting.

The relevant notes forming part of accounts are self-explanatory and give full information and explanation in respect of the observations made by the auditors in their report.

**13. Information regarding conservation of energy etc. and employees**

Information required under section 217(1) (e) of

**ASHIMA LIMITED**

the Companies Act, 1956 read with rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and information under section 217 (2-A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended from time to time forms part of this report. However, as per the provisions of section 219(1) (b) (iv), the report and the accounts are being sent to all members of the company excluding the information relating to conservation of energy, technology absorption and foreign exchange earning and outgo, and the statement of particulars of employees. Any member interested in obtaining such particulars may inspect the same at the office of the company or write to the secretary for a copy.

**14. Fixed deposits**

The company has accepted fixed deposits to the tune of Rs.791.63 lacs upto March 31, 2006, out of which due but unclaimed/unpaid deposits were Rs.92.57 lacs.

The company has stopped accepting fresh deposits in the company from April 1, 2004 and has been repaying all such matured deposits as are not renewed, in time as per the schedule and hence has not exceeded the limits.

**15. Appreciation**

The directors express their gratitude for the dedicated services put in by all the employees of the company.

**16. Acknowledgements**

Your directors place on record their sincere thanks to the customers, vendors, investors, banks and financial institutions for the continued support. Your directors are also thankful to the Government of India, State Government and other authorities for their support and solicit similar support and guidance in future.

For and on behalf of the board

Ahmedabad

**Chintan N. Parikh**

April 28, 2006

Chairman & Managing Director

**CEO Certification**

In regard to annual accounts of the company for the period from January 1, 2005 to March 31, 2006, we hereby certify that :-

1. We have reviewed financial statements and the cash flow statements for the period and that to the best of our knowledge and belief :-
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the company during the period which are fraudulent, illegal or violative of the company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the company and we have disclosed to the auditors and audit committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the auditors and audit committee :-
  - (i) significant changes in internal control during the period;
  - (ii) significant changes in accounting policies during the period and that the same have been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the company's internal control system.

**Executive Director**

**Chief Financial Officer**

Ahmedabad

April 28, 2006

## Annual Report 2005-2006

## Corporate Governance

### 1. Company's philosophy on corporate governance

Ashima believes in transparency and has immense value for the principles of corporate governance. Ashima understands that accountability, equity and total transparency in its interaction with all stakeholders is its responsibility while conducting its business and hence is totally committed to achieving highest levels of standards in corporate governance practice. It is a well accepted fact both in India and world over that a properly governed organization results in maximizing its stakeholders value in long run. In line with these globally accepted principles of good corporate governance, Ashima has ensured and implemented the same in its true letter and spirit to maximise members wealth. Ashima believes that good corporate governance practice enables the management to direct and control the affairs of a company in a more efficient manner and achieve its ultimate goal of maximizing value for all its stakeholders. Ashima recognizes that an efficient and strong corporate governance is indispensable to resilient and vibrant capital markets and is therefore important instrument of investor protection. Ashima believes that contribution to the society is integral part of its being and hence strives to preserve environment, energy and heritage.

### 2. Board of directors

- a. The current policy is to have an optimal blend of executive and independent directors having in-depth knowledge of textile industry in addition to their own areas of specialization and expertise. The size and composition of the board conforms to the requirements of the newly amended corporate governance code under clause 49 of the listing agreement with stock exchanges. The present board of directors of the company consists of seven directors with more than 50% of it as non executive independent directors, details of which is given herein below. Further none of the directors is member of more than 10 board level committees and chairman of 5 committees at board level of public companies, where he is a director.

Category	Name of directors
Promoter Directors	1. Mr. Chintan N. Parikh - Chairman and Managing Director
Executive/Whole Time Directors	2. Mr. Nitin D. Parekh - Executive Director
Non-Executive Independent Directors	3. Dr. Bakul H. Dholakia (Resigned as director of the company w.e.f. November 10, 2005 & re-appointed as additional director of the company w.e.f. April 28, 2006)
	4. Mr. Saurabh V. Shah
	5. Mr. Jaykant R. Baxi
	6. Mr. Bihari B. Shah (Appointed as additional director of the company w.e.f. January 5, 2006)
Nominee Directors	7. Mr. J. John (Withdrawn as nominee of IDBI from the board of directors of the company w.e.f. October 14, 2005)
	8. Mr. S. K. Tandon - Nominee of IFCI Limited.

None of the non-executive directors has any pecuniary or material relationship or transactions with company.

### Appointment of director to retire by rotation u/s 256 of the Companies Act, 1956

As per the provisions of section 255 and 256 of the Companies Act, 1956, at least two-third of the board should consist of retiring directors. Of these, one-third are required to retire every year and if eligible may seek their re-appointment by the members. As per the said provisions, one director is liable to retire by rotation at the ensuing annual general meeting and being eligible has offered himself for re-appointment. Brief resume of the director being re-appointed at the ensuing annual general meeting, nature of his expertise in specific functional areas, and number of companies in which he holds directorship and membership of committees of the board is furnished below :-

**Mr. Nitin D. Parekh** son of Mr. Dalsukhray Parekh is a commerce graduate with post graduate qualifications of Chartered Accountant (Gold Medalist), Chartered Financial Analyst (Gold



## ASHIMA LIMITED

Medalist), MBA from IIMA (12<sup>th</sup> rank) and LLB (Gold Medalist) and is having a rich experience of over 20 years in the field of finance. He has been associated with Group Ashima since 1985 and was appointed on board of company w.e.f. March 1, 1992. He has contributed significantly for the development of group Ashima and has successfully handled various public/ rights issue of the company. He is also instrumental in attracting investments into the company in form of term loans/ working capital/ foreign direct investment. He has also been instrumental in attracting professionals from various fields to group Ashima. Under his leadership group Ashima has been a name to reckon with.

He is also member of audit committee, management committee, sub committee and asset sale committee of the company.

### Appointment of director u/s 257 of the Companies Act, 1956

**Mr. Bihari B. Shah & Dr. Bakul H. Dholakia** were appointed as additional directors on the board of company w.e.f. January 5, 2006 & April 28, 2006. Mr. Bihari B. Shah & Dr. Bakul H. Dholakia are proposed to be appointed as directors of the company u/s 257 of the Companies Act, 1956. Brief resume of the directors being re-appointed at the ensuing annual general meeting, nature of their expertise in specific functional areas, and number of companies in which they hold directorship and membership of committees of the board is furnished below :-

**Mr. Bihari B. Shah** son of Mr. Bhogilal Shah is a commerce graduate with post graduate qualifications of Chartered Accountant and is having a rich experience of over 35 years in the field of finance, taxation and audit. He has been associated with various academic forums.

He is also member of audit committee of the company. Mr. Bihari B. Shah is not on board of any other company.

**Dr. Bakul H. Dholakia** son of Mr. Harshadray Dholakia has done Phd. in Economics and is having a rich experience of over 35 years in the field of teaching and administration. He is director of Indian Institute of Management and is also on board of various prestigious companies.

He is also member of audit committee and remuneration committee of the company.

- b. Number of other companies the directors are Director/ Chairman and other board committees he is a member or Chairperson of:

Name of the director(s)	Number of directorships including alternate director	Number of memberships in board committees	Whether Chairman/ Member
1. Mr. Chintan N. Parikh	8	4	Chairman
2. Dr. Bakul H. Dholakia *	5	5	Chairman
3. Mr. Saurabh V. Shah	3	-	-
4. Mr. Jaykant R. Baxi	-	-	-
5. Mr. Nitin D. Parekh	1	-	-
6. Mr. S. K. Tandon	2	1	Member
7. Mr. Bihari B. Shah **	-	-	-
8. Mr. J. John ***	-	-	-

\* Resigned as director from the board of the company w.e.f. November 10, 2005 and re-appointed as additional director on the board of the company w.e.f. April 28, 2006.

\*\* Appointed as additional director of the company w.e.f. January 5, 2006.

\*\*\* Withdrawn as nominee of IDBI from the board of the company w.e.f. October 14, 2005.

- c. Number of board meetings held:

The board meets at least once in a quarter to review the quarterly results and other items on agenda. During the year 2005 - 2006 board of directors of the company met 7 times on following dates :- January 19, 2005, March 31, 2005, April 29, 2005, July 29, 2005, October 29, 2005, January 5, 2006 and January 31, 2006. The gap between any two meetings never exceeded four months. The dates of the meeting were generally decided well in advance. The information as required under Annexure I to clause 49 is being made available to the board at respective board meetings.

- d. Attendance of each director at the meeting of board of directors and at the last AGM:

## Annual Report 2005-2006

Director	Number of board meetings attended	Last AGM attended (Yes/No)
1. Mr. Chintan N. Parikh	6	Yes
2. Dr. Bakul H. Dholakia *	5	Yes
3. Mr. Saurabh V. Shah	6	Yes
4. Mr. Jaykant R. Baxi	7	Yes
5. Mr. Nitin D. Parekh	7	Yes
6. Mr. S.K. Tandon (Nominee of IFCL Limited)	7	No
7. Mr. Bihari B. Shah **	2	No
8. Mr. J. John ***	2	Yes

\* Resigned as director from the board of the company w.e.f November 10, 2005 and hence eligible to attend only 5 meetings. He has been re-appointed as additional director on the board of the company w.e.f. April 28, 2006.

\*\* Appointed as additional director of the company w.e.f. January 5, 2006 and hence eligible to attend only 2 meetings.

\*\*\* Withdrawn as nominee of IDBI from the board of the company w.e.f. October 14, 2005 and hence eligible to attend only 4 meetings.

### 3. Board committees

#### a. Audit committee :

The board of directors of the company has already constituted an audit committee at their meeting held on January 31, 2001. The composition of audit committee has been changed as and when required. The audit committee at present comprises of five directors viz. Mr. Nitin D. Parekh, Mr. S. K. Tandon, Mr. Bihari B. Shah, Dr. Bakul H. Dholakia and Mr. Saurabh V. Shah. The constitution of audit committee meets the requirements of section 292A of the Companies Act, 1956 and clause 49 of the listing agreement.

**The terms of reference of audit committee as approved by the board of directors are stipulated herein :**

1. The audit committee will meet at least four times a year and not more than 4 months shall elapse between two meetings.

#### 2. Powers of audit committee :-

a. to investigate any activity within its terms of reference.

- b. to seek information from any employee.
  - c. to obtain outside legal or other professional advice.
  - d. to secure attendance of outsiders with relevant expertise, if it considers necessary.
3. Overseeing 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.
  4. Recommending to the board the appointment / re-appointment and if required, replacement or removal of statutory auditor, fixation of audit fees.
  5. Approval of payment to statutory auditors for any other services rendered.
  6. Reviewing with the management the annual financial statements before submission to the board for approval with reference to :-
    - Matters required to be included in Directors' Responsibility Statement to be included in the board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
    - Changes if any in accounting policies and practices and reasons for the same.
    - Major accounting entries involving estimates based on exercise of judgment by management.
    - Significant adjustments made in financial statements arising out of audit findings.
    - Compliance with listing and other legal requirements relating to financial statements.
    - Disclosure of related party transactions.
    - Qualifications in audit report.
  7. Reviewing with the management , performance of statutory and internal auditors, adequacy of the internal control systems.
  8. Reviewing with the management, the quarterly financial statement before submission to the board for approval.
  9. Reviewing the adequacy of internal audit function, if any, 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.
  10. Discussion with internal auditors on any significant findings and follow up thereon.
  11. Reviewing the findings of any internal



## ASHIMA LIMITED

investigations by the internal auditors into the 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.

12. Discussion with the statutory auditors before the audit commences on nature and scope of audit as well as have post audit discussions to ascertain any area of concern.
13. To look into the reasons for substantial defaults in the payment to the depositors, debentureholders, members (in case of non payment of declared dividends) and creditors.
14. Carrying out any other function as is mentioned in the terms of reference of the audit committee.

During the period 2005 - 2006 the audit committee met 5 times on March 31, 2005, April 29, 2005, July 29, 2005, October 29, 2005, and January 31, 2006. The audit committee normally reviews those functions which are assigned to it as per the terms of reference approved by board. The meeting held on April 28, 2006 was to approve annual accounts for the period ended on March 31, 2006.

The details of audit committees meetings attended by the directors are given below:

Sr. No.	Name	Designation	No. of meetings held	No. of meetings attended
1	Dr. Bakul H. Dholakia *	Chairman	5	4
2	Mr. Nitin D Parekh	Member	5	5
3	Mr. Saurabh V. Shah	Chairman	5	5
4	Mr. S.K. Tandon ** (Nominee of IFCI Limited)	Member	5	1
5	Mr. Jaykant R. Baxi ***		5	4
6	Mr. Bihari B. Shah ****	Member	5	1
7	Mr. J. John *****	Member	5	1

Dr. Bakul H. Dholakia resigned as director from the board of the company w.e.f. November 10, 2005 and hence was eligible to attend only 4 meetings. He has been re-appointed as additional director on the board of the company and also member of audit committee of the company w.e.f. April 28, 2006.

- \*\* Mr. S. K. Tandon was appointed as member of the audit committee of the company by the board of directors at its meeting held on January 5, 2006

and hence was eligible to attend only one meeting.

- \*\*\* Mr. Jaykant R. Baxi ceased to be member of audit committee w.e.f. January 5, 2006 and hence was eligible to attend only 4 meetings.

- \*\*\*\* Mr. Bihari B. Shah was appointed as member of the audit committee of the company by the board of directors at its meeting held on January 5, 2006 and hence was eligible to attend only one meeting.

- \*\*\*\*\* Mr. J. John's nomination on the board of the company was withdrawn by IDBI w.e.f. 14.10.2005 and hence he was eligible to attend only 3 meetings.

### b. Remuneration committee

The board of directors of the company has constituted a remuneration committee at its meeting held on March 28, 2003. The composition of remuneration committee has been changed as and when required. The committee recommends/ reviews the remuneration package of the managing/whole-time/executive directors of the company based on individual performance, qualifications and experience & the comparable industry practices. The remuneration policy of the company is aimed at rewarding good performance and attracting and retaining the best managerial talent. The committee at present consists of Mr. Jaykant R. Baxi, Mr. S.K. Tandon, Mr. Saurabh V. Shah and Dr. Bakul H. Dholakia directors of the company. The remuneration committee met once on October 29, 2005 to confirm the existing remuneration payable to the executive director of the company on his re-appointment. By constituting a remuneration committee the board has complied with non mandatory requirement of clause 49 of the listing agreement.

The details of remuneration committee meeting(s) attended by the directors are given below:

Sr. No.	Name	Designation	No. of meetings held	No. of meetings attended
1	Dr. Bakul H. Dholakia	Chairman	1	1
2	Mr. Saurabh V. Shah	Member	1	1
3	Mr. Jaykant R. Baxi	Member	1	1
4	Mr. S.K. Tandon (Nominee of IFCI Limited)	Member	1	1

*Details of remuneration paid to directors for the financial year 2005-2006 :-*

The terms of remuneration of Mr. Chintan N. Parikh, Chairman and Managing Director and Mr. Nitin D. Parekh, Executive Director has been fixed and approved by the board of directors and remuneration committee. The payment of remuneration of Mr. Chintan N. Parikh has been approved by Department of Company Affairs, New Delhi vide their letter dated May 5, 2004. till February 6, 2005. The company has obtained further approval for re-appointment & payment of same remuneration of Mr. Chintan N. Parikh, as Managing Director of the company to Ministry of Company Affairs, New Delhi. The Ministry of Company Affairs vide its letter no. 1/264/2004-CL VII & 2/264/04-CL VII dated September 29, 2004 & July 19, 2005 approved the re-appointment & payment of remuneration till February 6, 2008. As regards the remuneration of Mr. Nitin D. Parekh is concerned, his remuneration till year December 31, 2005 has been approved by Department of Company Affairs, New Delhi vide their letter no. 1/80/2005 CL. VII dated May 5, 2004. The company has then made another application for re-appointment of Mr. Nitin D. Parekh as Executive Director of the company for a further period of 3 years w.e.f. January 1, 2006 with same remuneration, to Ministry of Company Affairs, New Delhi. The matter is under perusal by the ministry. The aggregate value of salary and perquisites paid for the period ended on March 31, 2006 to managing and executive director, of the company is as follows:- Mr. Chintan N. Parikh:- Rs.75.00 lacs, Mr. Nitin D. Parekh:- Rs.50.87 lacs. Besides this the managing and executive director, were also entitled to company's contribution to provident fund, superannuation fund to the extent not taxable, and gratuity and encashment of leave as per the rules of the company.

The company pays sitting fees to all of its Independent Non Executive Directors/Nominee Directors. The same is paid at the rate of Rs. 3,000/- per meeting. The sitting fees paid for the period ended on March 31, 2006 to the directors is as follows :-

No.	Name of Director	Amount (in Rs.)
1.	Dr. Bakul H. Dholakia	30,000
2.	Mr. Saurabh V. Shah	36,000
3.	Mr. Jaykant R. Baxi	36,000
4.	Mr. S. K. Tandon (As nominee of IFCI Limited)	27,000
5.	Mr. Bihari B. Shah	9,000
6.	Mr. J. John (Nominee of IDBI Limited)	9,000

**c. Shares transfer committee**

The board of directors of the company has already constituted a share transfer committee to deal with the matters relating to transfers/ transmissions/ transposition/ consolidation/split of folios/issue of share certificates in exchange for sub divided/ consolidated/ defaced/mutilated share certificates/ issue of duplicate share certificates etc. The composition of share transfer committee has been changed as and when required. The share transfer committee at present comprises of Mr. Nitin D. Parekh, Executive Director, Mr. Jaykant R. Baxi, Director, Mr. Saurabh V. Shah, Director, Mr. B. Ravi, Vice - President (Corporate Finance) and Company Secretary, Mr. Hiren Mahadevia, Vice - President (Corporate Finance and Planning), as members. The share transfer committee met from time to time to approve the matters relating to transfer, transmission, issue of duplicate share certificates etc.

The board of directors of the company ratifies and takes on record the minutes of share transfer committee at subsequent board meetings.

The company has as per Securities and Exchange Board of India (SEBI) guidelines w.e.f. March 24, 2000 offered the facility of transfer of shares both in physical and demat form. At present the entire activities relating to shares transfer, transmission, etc. is handled by M/s Intime Spectrum Registry Limited, Ahmedabad a SEBI authorized registrar which also provides electronic connectivity with CDSL and NSDL to carry out such work assigned.

The shareholding of the company constitutes shares in dematerialized and physical form in ratio of 94.82% and 5.18% respectively as on March 31, 2006.