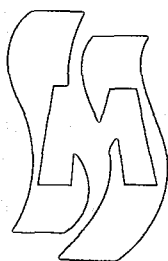


SARA ELGI

SUPER



**Super Spinning Mills Limited**

REPORT  [junction.com](http://www.reportjunction.com)

**45<sup>th</sup> Annual Report  
2006 - 07**

SUPER



# Super Spinning Mills Limited

**Chairman**

**Managing Director**

**Executive Director**

**Board of Directors**

**Company Secretary**

**Auditors**

**Bankers**

**Registered and Corporate Office**

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**Mr L G Ramamurthi**

**Mr Sumanth Ramamurthi**

**Mr K R Seethapathy**

**Mr S Jeyaraman**

**Mr C S K Prabhu**

**Mr C R Ramamurthy**

**Mr D Sarath Chandran**

**Mr Sudarsan Varadaraj**

**Mr Vidyaprakash D**

**Mr B Vijayakumar**

**Mr Vijay Venkataswamy**

**Mr C Soundararajan**

**M/s Reddy, Goud & Janardhan**

**Union Bank of India**

**State Bank of India**

**Citibank N A**

**Andhra Bank**

**IDBI Bank**

**ICICI Bank**

**"ELGI TOWERS"**

**P B No. 7113, 737-D, Green Fields**

**Puliakulam Road**

**Coimbatore - 641 045**

**Tamilnadu**

**Phone : (0422) 2311711**

**Fax : (0422) 2311611, 2315111**

**E-mail : super@ssh.saraelgi.com**

**Website : www.saraelgi.com**

## Mills

**A Unit : Kirikera, Andhra Pradesh**

**B Unit : Kotnur, Andhra Pradesh**

**C Unit : D-Gudalur, Tamilnadu**

**D Unit : Udumalpet, Tamilnadu**

**Super Sara : Beerapalli,  
Andhra Pradesh**

**Garment Units: New Tirupur, Thekkalur  
Tamilnadu**

SUPER



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## Notice to the Members

Notice is hereby given that the 45<sup>th</sup> Annual General Meeting of the Company will be held on **Thursday, the 23<sup>rd</sup> August, 2007 at 4.00 PM** at Ardra Convention Centre, "Kaanchan", No.9, North Huzur Road, Coimbatore - 641 018, to transact the following business:

### Ordinary Business

1. To receive, consider and adopt the following :
  - a) The audited Profit and Loss Account for the year ended 31<sup>st</sup> March, 2007.
  - b) The audited Balance sheet as at 31<sup>st</sup> March, 2007; and
  - c) The reports of the Directors' and the Auditors'.
2. To declare a dividend.
3. To appoint a Director in the place of Mr Sudarsan Varadaraj, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Mr Vijay Venkataswamy, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in the place of Mr S Jeyaraman, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors and to fix their remuneration.

### Special Business

7. **To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution.**

**Resolved** that pursuant to the provisions of section(s) 198, 269, 309, 310, 316 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII, Mr Sumanth Ramamurthi be and is hereby appointed as Managing Director of the Company, for a period of five years with effect from 01.04.2007 on the following terms and conditions:

#### Remuneration

- I. **Salary** : Rs. 2,40,000/- per month in the scale of Rs. 2,40,000 - Rs. 25,000/-.
- II. **Commission** : 2.5% of the net profit of the company subject to the overall ceiling laid down in Section(s) 198 and 309 of the Companies Act, 1956.
- III. **Perquisites** : In addition to salary and commission, perquisites shall be allowed as detailed below:
  1. **Housing** : Unfurnished residential accommodation will be provided. In its absence, 50%

of the salary will be paid as house rent allowance.

2. The following perquisites shall be allowed subject to the maximum of 50% of the salary.

- **Medical** : Reimbursement of expenses actually incurred for self and his family.
- **Leave Travel Concession** : Leave Travel Concession for self and his family.
- **Gas, Water etc** : Reimbursement of expenditure incurred on gas, electricity, water, furnishing and appliances.
- **Club fee** : For self.
- **Insurance** : Life, Health and personal accident insurance cover for self.

In any year, if the perquisites specified in Part-III, Sub-clause (2) above, are not availed in full, the unutilised portion of the limit shall be carried over for a period of three years.

3. He shall also be eligible to the following benefits which shall not be included in the computation of the ceiling on the remuneration.
  - a. **PF/SAF** : Contribution to Provident Fund and/or Super Annuation Fund and/or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
  - b. **Gratuity** : Gratuity payable at the rate not exceeding half a month's salary of each year of completed service.
4. Free use of Company Car with driver and Telephone at his residence.

**Resolved Further** that in the event of no profits or inadequacy of profits, the remuneration and perquisites payable to Mr Sumanth Ramamurthi, Managing Director, shall not exceed the limits specified in Schedule XIII of the Companies Act, 1956 or such other limits as may be notified by the Government from time to time as minimum remuneration.

**Resolved Further** that the terms and conditions set out for appointment and/or agreements shall be altered and varied from time to time by the Board as it may, at its discretion deem fit so as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956 or any other amendments made there under in this regard.

Coimbatore  
30<sup>th</sup> June, 2007

By Order of the Board  
**Sumanth Ramamurthi**  
Managing Director



## Notes

1. **EVERY MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. Instrument appointing a proxy should be deposited at the registered office of the company not less than 48 hours before the commencement of the meeting.
3. Members/Proxies should bring the attendance slips duly filled and signed for attending the meeting.
4. The explanatory statement in respect of the special business pursuant to Section 173 of the Companies Act, 1956 is annexed hereto.
5. The register of members and share transfer books of the company will remain closed from **10.08.2007 to 23.08.2007 (both days inclusive).**
6. The dividend, if declared at the meeting, will be paid to those members whose names appear in the Register of Members as on 23.08.2007.
7. The brief profile and other information in respect of Non-Executive Directors seeking re-appointment are furnished in the Report on Corporate Governance.
8. The company has transferred the unclaimed dividend to the General Revenue Account of the Central Government for and up to the financial year 1994-95. The concerned members may therefore to submit their claims to the Registrar of Companies, Coimbatore (Tamilnadu), Stock Exchange Building, Singanallur, Coimbatore - 641 005.
9. The company has transferred the amount of unclaimed dividends paid from 1995-96 to 1999-2000 to the Investors Education and Protection Fund of the Central Government as required under Sections 205A and 205C of the Companies Act, 1956.
10. As per the the Companies Act, 1956 dividend remaining unclaimed for a period of 7 years has to be transferred to the Investors Education and Protection Fund established by the Government. Any claim relating to the unclaimed dividend for the financial year from 31.03.2001 to 31.03.2006 should be made at the earliest to the company. Once the unclaimed dividends are transferred to the Investors Education and Protection Fund, the shareholders cannot claim the dividend thereafter.
11. The company has appointed M/s Intime Spectrum Registry Ltd., as Registrar and share transfer agent of the company for carrying out both physical and electronic share transfers. All the members are requested to forward their share transfer deed(s) and other communications directly to its Branch Office at the following address:  
M/s Intime Spectrum Registry Ltd,  
"SURYA" 35, Mayflower Avenue  
Behind Senthil Nagar  
Sowripalayam Road  
Coimbatore - 641028, Tamilnadu  
Phone : (0422)2314792  
Fax : (0422)2314792  
E-mail : Coimbatore@intimespectrum.com

## Explanatory Statement pursuant to the provisions of Section 173(2) of the Companies Act, 1956

### Item No.7

At the meeting of the Board of Directors of the company held on 31<sup>st</sup> January, 2007, it was resolved to appoint Mr Sumanth Ramamurthi as Managing Director of the Company for a period of five years with effect from 1<sup>st</sup> April, 2007 and also pay him remuneration in accordance with the provisions of the Companies Act, 1956 on the terms and conditions set out in the resolution. As per Section 269 read with Schedule XIII of the Companies Act, 1956, the

appointment and remuneration shall be subject to the approval of the shareholders of the company in general meeting. Hence, the resolution is placed for your approval.

Mr Sumanth Ramamurthi as the appointee and Mr L G Ramamurthi and Mr. Vidyaprakash D, as relatives are interested in the resolution. No other Director is interested in the resolution.

By Order of the Board

Coimbatore  
30<sup>th</sup> June, 2007

**Sumanth Ramamurthi**  
Managing Director



## Directors' Report and Management Discussion & Analysis

To the Members,

Your Directors have pleasure in presenting the 45<sup>th</sup> Annual Report together with the audited statement of accounts for the financial year ended 31<sup>st</sup> March, 2007.

<b>Financial Results</b>	<b>31.03.2007</b>	<b>31.03.2006</b>
	<b>Rs. Lakhs</b>	<b>Rs. Lakhs</b>
Sales	39419	36317
Increase in Stock of Finished Goods	273	1050
Other Income	187	210
<b>Total Income</b>	<b>39879</b>	<b>37576</b>
<b>Operating Profit</b>	<b>5981</b>	<b>6618</b>
Less: Interest	1456	1245
<b>Gross Profit</b>	<b>4525</b>	<b>5373</b>
Less: Depreciation	2301	2011
<b>Profit before Tax</b>	<b>2224</b>	<b>3362</b>
Less: Provision for Taxation	720	610
Deferred tax	43	479
Fringe Benefit Tax	19	31
<b>Profit after tax</b>	<b>1442</b>	<b>2242</b>
Less: Prior year expenses	3	4
Tax relating to earlier years	12	—
<b>Net Profit</b>	<b>1427</b>	<b>2238</b>
Add : Balance Brought Forward	1197	1461
<b>Profit available for appropriation</b>	<b>2624</b>	<b>3699</b>
<b>APPROPRIATIONS</b>		
Proposed dividend	275	440
Tax on dividend	47	62
General Reserve	1200	2000
Balance carried forward	1102	1197
	<b>2624</b>	<b>3699</b>

### Dividend

Your Directors recommend a dividend of 50% absorbing a sum of Rs.322 lakhs, including tax on dividend

### Operations

Your Directors wish to present the operating results of your Company for the fiscal year ended 31<sup>st</sup> March 2007. Sales of manufactured goods registered a growth of 14%. Due to more remunerative yarn prices, domestic sales grew from Rs.18449 lakhs to Rs. 23837 lakhs recording a growth of 29% compared to the previous year. As a result there was a slight drop in export sales of yarn during the year under review.

Despite the increase in turnover of the company, the profit before tax has declined significantly to Rs.2224 lakhs compared to the previous year. The increase in cotton prices coupled with a sharp increase in the interest rates and the additional depreciation on account of modernization/new projects, had an adverse impact on the profits of the company.

### Industry Conditions

The Indian textile industry exploited the opportunity of quota-free era very well and is well placed amongst the regional players in the international markets. India's market share is growing steadily in exports due to better product-mix and value added products resulting in better realizations and margins. Considering the continued economic growth and emerging favorable trends in international markets, the textile industry is poised for a steady growth.

As a measure to strengthen further and to encourage the Textile sectors growth, the Govt. of India has further extended TUF subsidies and other promotional supports.

### Opportunities, Risks and Concerns

Sourcing of value-added products by international players in India is steadily increasing, resulting in a high expectation of cost effective quality products. While growth opportunities, are promising for the industry, competition from the dominant player China and other low-cost countries are constant threats. This coupled with the strong appreciation of Indian Rupee vis-à-vis the US Dollar, rising labour and skilled human resource costs and hardening interest rates will further put pressure on margins.

### Company outlook

Your company has recognized the changing trends and will fully make use of the emerging opportunities and strive constantly to enhance its market share and image as a global player. Your company has identified garments sector as a thrust area for manufacture of value added products to reputed international players across the globe.

Despite the promising opportunities for the Textile sector on a long-term scenario, there is a trend of slackness in the market, which coupled with the Rupee appreciation, will put pressure on the performance of your company during the current year. However, your company is taking concerted efforts to face these challenges and to contain its costs in all spheres of activities.

### Expansion of Spinning Capacity

During the current year, your company has commenced the production in its new plant at Beerapalli Village, Hindupur, Andhra Pradesh with a capacity of 30,576 spindles. Your company has also acquired a mill having a capacity of 11,424 spindles at Udumalpet, Coimbatore District, Tamilnadu. As a result of these expansions, the overall installed capacity of the company has increased over 1,77,080 spindles.

### Sara Apparels and Fashions

For cost optimization and administrative convenience, the location of the Garment Division has been consolidated in two places. There was an overall improvement in production and sales during the last financial year. The operations of this division are fully equipped to face the emerging customer needs and demand and challenges in this industry. Your





company has become a preferred vendor for reputed international and domestic brands.

### Share capital

In order to finance the company's expansion and modernization plans, during the last year, your company had proposed to raise funds from the capital market through equity route. The extensive market volatility and uncertainty prevailing in market conditions had deterred the company in concluding the fund raising exercise at favorable prices. As a result, all the proposals for issue of equity shares as approved at the last Annual General Meeting were dropped. The company has completed the sub-division of equity share of Rs.10/- each to equity share of Re.1/- each.

### Directors

Mr. Sudarsan Varadaraj, Mr. Vijay Venkataswamy and Mr. S Jeyaraman retire by rotation at the ensuing Annual General Meeting and offer themselves for re-appointment.

The Board has re-appointed Mr Sumanth Ramamurthi as Managing Director with effect from 1st April, 2007 for a period of 5 years subject to the approval of the shareholders of the company at the ensuing Annual General Meeting.

### Internal Control System

Your company has successfully implemented a fully integrated ERP system. A systematic functional and system audit was covered under the internal audit programme. Periodical reviews are being carried out resulting in identification of control deficiencies and formulation of time bound action plans to improve efficiency. The adequacy of the internal control systems is being reviewed by the Audit Committee on Quarterly basis.

### Recognition and Reward

Your Directors are glad to inform that Super B unit has won the First prize from ABK – AOTS DOSOKAI, Tamilnadu Centre for implementation of good Total Productive Maintenance (TPM) practices.

Similarly Super "C" unit has bagged "5S" certificate of merit from ABK – AOTS DOSOKAI, Tamilnadu Centre through AOTS - N Damotharan Trophy.

### Foreign Exchange earnings

Your company has generated foreign exchange earnings of Rs.13085 lakhs through Exports. The foreign exchange utilized during the year amounting to Rs.4448 lakhs towards purchase of raw material, machinery, spares, etc., resulting to a positive inflow of Rs.8637 lakhs.

### Fixed Deposits

28 Fixed Deposits amounting to Rs.8.16 lakhs remained unclaimed as on 31<sup>st</sup> March 2007. Subsequently 16 deposits amounting to Rs 5.64 lakhs have been claimed and repaid.

### Auditors

M/s. Reddy, Goud & Janardhan, the auditors of the Company retire at the ensuing Annual General Meeting and have given their consent for re-appointment.

### Personnel Relations

Staff and Labour relations during the year at all units of the company continued to be cordial.

### Statutory Information

A statement showing the details of employees under Section 217(2A), particulars of technology absorption under Section 217 (1) (e) of the Companies Act, 1956, and a report on corporate governance are enclosed, which form part of this report.

### Directors' Responsibility Statement

Your Directors have taken necessary steps to ensure that :

- i. All applicable accounting standards have been followed in the preparation of annual accounts.
- ii. All the necessary accounting policies have been adhered to and all necessary adjustments 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 the end of financial year and of the profit of the company for the period.
- iii. Proper and significant care has been taken 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 the preventing and detecting fraud and other irregularities.
- iv. The annual accounts have been prepared on a going concern basis.

### Acknowledgement

Your Directors wish to place on record of their appreciation to the Company's Bankers, Financial Institutions, Customers and Suppliers for their unstinted support and co-operation. Your Directors wish to place on record their deep sense of appreciation for the tremendous confidence reposed by the shareholders in the Company. The Board also wish to thank the employees at all levels for their continuing excellent support and contribution to the growth of the company.

Coimbatore  
30<sup>th</sup> June, 2007

By Order of the Board  
**Sumanth Ramamurthi**  
Managing Director  
**Vidyaprakash D**  
Director



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## Annexure to the Directors Report and Management Discussion Analysis

### A. Conservation of Energy

Installation of preferential start up modules in Ring Frames, TFO's, Modification of Airlines system for compressors, installation of booster pumps in the Airlines system for *different machines*, *Air leakage arresting scheme* by providing suitable one touch fittings resulted in significant reduction in power consumption.

In addition the periodic measures taken in humidification department contributed to reduce the power cost appreciably.

### B. Research and Development

Research and Development activities are currently focussed on various spinning processes including the ginning and TFO processes. Investigations have resulted in *improved processes and designs*. The degree of commercial advantage obtainable is being investigated

### C. Technology Absorption, Adaptation and Innovation

The effectiveness of Auto doffing in ring frames towards minimisation of doffing team is under observation.



**FORM-A - CONSERVATION OF ENERGY**  
**AS PRESCRIBED IN FORM A**

<b>a. Power &amp; Fuel Consumption</b>	<b>31.03.2007</b>	<b>31.03.2006</b>
1. Electricity		
(a) Purchased		
Units in Lakhs	786.1	871.2
Total amount in Rs. Lakhs	2197.2	2465.2
Rate per unit in Rs.	2.8	2.8
(b) Own generation		
(i) Through Diesel Generator		
Units in Lakhs	15.0	7.2
Units per litre of diesel	2.7	3.6
Total amount in Rs. Lakhs	261.1	58.1
Cost per unit in Rs.	17.4	8.1
(ii) Through Windmill generation		
Units in Lakhs	73.4	51.0
Total amount in Rs. Lakhs	198.1	137.8
Rate per unit in Rs.	2.7	2.7
2. Other fuels are not used.		
<b>b. Consumption per unit of production</b>		
(Production of various counts has been converted to the standard count of 40s)		
Electricity (in units) per kg.	5.7	5.4

**Annexure to the Directors' Report showing the Particulars of Employees pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956.**

Sl. No.	Name	Age	Qualification & experience (years)	Designation	Nature of duties	Gross remuneration (Rs.)	Date of commencement of Employment	Previous Employment
1.	Mr L G Ramamurthi	77	DAE (45)	Chairman	Duties pertaining to the office of the Chairman	17964462	1.4.1993	Elgi Equipments Ltd., Coimbatore
2.	Mr Sumanth Ramamurthi	49	BS ELECL ENGG (17)	Managing Director	Management of the Company	18121061	1.4.1992	Festo Elgi Pvt Ltd., Coimbatore

- Note : 1. Chairman and Managing Director are appointed for a period of 5 years at a time.  
 2. Gross remuneration includes Salary, Allowances, Company's contribution to Provident and Superannuation Funds and expenditures incurred by the Company for other facilities.  
 3. Mr L G Ramamurthi, Mr Sumanth Ramamurthi and Mr Vidyaprakash D are relatives.





## Report on Corporate Governance

### Company's philosophy on code of governance

Company shall adopt self Governing Corporate Governance model to adhere to all the rules and regulations of the statutory authorities. It shall also discharge its duties, regularities and obligation in a fair and transparent manner with the object of maximising the value of the stakeholders namely shareholders, employees, financial institutions, suppliers and business partners.

### Board of Directors - Composition, Category and Attendance

The Board comprises of Eleven Directors including three Executives, Non-Executive and Independent Directors. During the financial year ended 31<sup>st</sup> March 2007, Five Board Meetings were held on 02.06.2006 31.07.2006, 30.10.2006, 30.11.2006 and 31.01.2007.

Name	Category	No. of other companies in which, he is a Director	Committee in which he is a Member / Chairman	No. of Board Meetings attended	Whether attended the AGM held on 07.07.06
Mr L G Ramamurthi Chairman	Promoter and Executive	9	1/Nil	3	Yes
Mr Sumanth Ramamurthi Managing Director	Promoter and Executive	10	1/Nil	5	Yes
Mr K R Seethapathy Executive Director	Non-Promoter and Executive	4	Nil/Nil	5	Yes
Mr S Jeyaraman	Independent and Non-Executive	1	Nil/Nil	3	Yes
Mr C S K Prabhu	Independent and Non-Executive	3	3/2	5	Yes
Mr C R Ramamurthy	Independent and Non-Executive	—	Nil/Nil	5	No
Mr D Sarath Chandran	Independent and Non-Executive	8	2/Nil	5	No
Mr Sudarsan Varadaraj	Independent and Non-Executive	17*	3/Nil	2	No
Mr Vidyaprakash D	Independent and Non-Executive	3	Nil/Nil	4	No
Mr B Vijayakumar	Independent and Non-Executive	16*	1/Nil	2	No
Mr Vijay Venkataswamy	Independent and Non-Executive	5	1/Nil	5	Yes

\* Including foreign and private limited companies also

### Profile of the retiring Directors

**Mr Vijay Venkataswamy**, who is 59 years old, holds a Master Degree in Business Administration. He has more than three decades of experience in Textile Industry. He is presently the Managing Director of M/s. Vantex Ltd. He is also a Director in M/s. Coimbatore Pioneer Fertilizers Ltd., M/s. Precot Meridian Ltd., M/s. Super Sara Textiles Ltd. and M/s. Primosoft (India) Pvt. Ltd. He has traveled widely all over the world on business and on various delegations. He is on the committee of Confederation of Indian Textile Industry and Textile Export Promotion Council.

**Mr S Jeyaraman**, who is 60 years old, is an Engineering professional and also holds MBA

(Specialization in Marketing). Since 1978, he is associated with many textile and engineering industry based at Coimbatore. He is proprietor of M/s. J Engineers and also a Director of M/s. Coimbatore Private Industrial Estate Limited.

**Mr Sudarsan Varadaraj**, who is 49 years old, holds B.E. (Hons) and M.S. (M.E.). He is an industrialist and is having vast experience in the fields of Automobile and Rubber Industries for the past two decades. He is one among the promoters of Elgi Group of Companies. He is the Managing Director of Elgitread (India) Ltd and Elgi Rubber Products Ltd. He has travelled across the world for business development and for the management of overseas Companies. He

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also holds Directorships in Elgi Electric and Industries Ltd, Elgi Equipments Ltd., Elgitread Ltd, Elgi Aviation Tyres Ltd., Elgi Ultra Industries Ltd., Geo Renewable Power Ltd., Kovilpatti Lakshmi Roller Flour Mills Ltd., LRG Technologies Ltd., Festo Controls Pvt. Ltd., Tyre Point Pvt.Ltd., Elgitread (Kenya) Ltd., Kenya, Elgitread (Mauritius) Ltd., Mauritius, Elgitread (Tanzania) Ltd., Tanzania, Elgitread Lanka (P) Ltd., Sri Lanka and Elgitread (Bangladesh) Ltd., Bangladesh.

### Profile of the Managing Director

**Mr Sumanth Ramamurthi**, who is 47 years old, holds B.Sc. Elec. Engr. from the University of Missouri, USA. He is an industrialist and is having more than two decades of experience in Textiles and Engineering Industry. He holds Directorships also in Elgi Electric and Industries Ltd., Elgi Ultra Industries Ltd. Precot Meridian Ltd., Sara Elgi Insurance Advisory Services Pvt. Ltd., Elgi Software and Technologies Ltd., Super Farm Products Ltd., Elgi Building Products Ltd., Sara Elgi Industrial Research and Development Ltd., Super Sara Textile Ltd., and Kakatiya Textiles Ltd.

### Committees of the Board

#### Audit Committee

The Audit Committee has been constituted as per Section 292A of the Companies Act, 1956, and the Guidelines set out in the Listing Agreement with the Stock Exchanges. The terms of reference include-

- ❖ Overseeing financial reporting processes.
- ❖ Reviewing periodic financial results, financial statements and adequacy of internal control systems.
- ❖ Discussion with the Auditors about the scope of audit including their observations.
- ❖ Approving internal audit plans, reviewing the functions and periodic audit reports.

The Company's Audit Committee is consisting of 4 independent Directors, Chaired by Mr C S K Prabhu. During the financial year ended 31<sup>st</sup> March, 2007, Audit Committee Meetings were held on 01.06.2006, 29.07.2006, 28.11.2006 and 27.01.2007.

Name of the Member	No. of Meetings Attended
Mr C S K Prabhu	4
Mr C R Ramamurthy	4
Mr S Jeyaraman	3
Mr Vijay Venkataswamy	4

### Remuneration Committee

Terms of reference of the Remuneration Committee include:

- ❖ Recommendation for fixation and periodic revision of compensation of the Managing Director and Executive Directors to the Board for approval; and
- ❖ Review the sitting fees payable to the Directors.

The Company's Remuneration Committee is consisting of 4 independent Directors, Chaired by Mr C S K Prabhu. The Remuneration Committee meetings were held on 01.06.2006 and 27.01.2007.

Name of the Member	No. of Meetings Attended
Mr C S K Prabhu	2
Mr C R Ramamurthy	2
Mr S Jeyaraman	1
Mr Vijay Venkataswamy	2

### Remuneration of Directors

Remuneration of the Executive Directors are decided by the Board based on the recommendations of the Remuneration Committee as per the remuneration policy of the company, within the ceiling fixed by the shareholders. Remuneration of the Executive Directors for the year ended 2006-07 is as follows.

	Rs. Lakhs
Mr L G Ramamurthi, Chairman	– 179.64
Mr Sumanth Ramamurthi Managing Director	– 181.21
Mr K R Seethapathy, Executive Director	– 18.57

### Remuneration to Non-Executive Directors

Non-Executive Directors are paid sitting fees for attending each Board and Committee Meetings. The sitting fees paid to each such Director was Rs.10000/- for each Board Meeting, Audit and Remuneration Committee Meetings and Rs.1000/- each for Shareholders Committee Meeting.

### Shareholders' Committee

The shareholders' committee consists of Five Directors and the Compliance Officer. During the year 2006-07, twenty-two meetings were held. The members attendance and the date of the committee meetings are as follows:

April 6 & 28, May 2 & 31, June 15 & 22, July 15, August 1 & 16, September 1 & 7, October 3 & 23,