

**12th
ANNUAL REPORT
31st MARCH 2003**

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MAHALAXMI RUBTECH LIMITED

REGD. OFFICE : 47, NEW CLOTH MARKET, AHMEDABAD - 380 002. (INDIA)

ANNUAL REPORT 2002-2003



MAHALAXMI RUBTECH LIMITED

BOARD OF DIRECTORS : SHRI JEETMAL B. PAREKH
SHRI RAJENDRA R. MEHTA
SHRI RAHUL J. PAREKH
SMT. KAMLABEN J. PAREKH
SHRI CHIRAG Y. SHAH
SHRI NIKHIL K. PARIKH

AUDITORS : BHANWAR JAIN & CO.
AHMEDABAD.

BANKERS : BANK OF BARODA

REGISTERED OFFICE : 47, NEW CLOTH MARKET,
AHMEDABAD - 380 002 (INDIA)

ADMINISTRATIVE OFFICE : 507, CHANAKYA
NR. DINESH HALL,
ASHRAM ROAD,
AHMEDABAD.

FACTORY : UMA INDUSTRIAL ESTATE,
PHASE-III, VASNA (IYAVA)
SANAND,
DIST : AHMEDABAD.



NOTICE TO MEMBERS

NOTICE is hereby given that the TWELVETH ANNUAL GENERAL MEETING OF "MAHALAXMI RUBTECH LIMITED" will be held at Anand Chem Compound, Plot No.315, N.H. No.8, Isanpur, Narol, Ahmedabad - 382 405 on Friday the 19th day of September 2003 at 4.00 p.m. to transact the following business :

1. To receive consider and, if approved, adopt the Audited Balance Sheet as at 31st March 2003 and Profit and Loss Account for the year ended on that date and the report of the Directors and Auditors.
2. To appoint Auditors of the company from the conclusion of this meeting to the conclusion of the next Annual General Meeting.
3. To appoint a director in place of Smt. Kamlaben Jeetmal Parekh who retires by rotation and being eligible offers herself for reappointment.
4. To appoint a director in place of Shri Rajendra R. Mehta who retires by rotation and being eligible offers himself for reappointment.

SPECIAL BUSINESS :

5. To consider and, if thought fit, to pass with or without modification the following resolution as an ordinary resolution :
RESOLVED that Shri Chirag Yogeshbhai Shah be and is hereby appointed as director of the board of directors of the company.
6. To consider and, if thought fit, to pass with or without modification the following resolution as an ordinary resolution :
RESOLVED that Shri Nikhil Kirtikantbhai Parikh be and is hereby appointed as director of the board of directors of the company.

NOTE :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER AND INSTRUMENT APPOINTING PROXY SHOULD REACH THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. THE RELEVANT EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956 IN RESPECT OF SPECIAL BUSINESS UNDER ITEM NO.5 & 6 AS SET OUT ABOVE ARE ANNEXED HERE TO.
3. THE REGISTER OF MEMBERS AND TRANSFER BOOK OF THE COMPANY WILL BE CLOSED FROM TUESDAY THE 16TH SEPTEMBER, 2003 TO FRIDAY THE 19TH SEPTEMBER, 2003 (BOTH DAYS INCLUSIVE)
4. THE COMPANY IS HAVING DEPOSITORY ARRANGEMENT WITH NATIONAL SECURITIES DEPOSITORY LIMITED (NSDL), OF NATIONAL STOCK EXCHANGE AND CENTRAL DEPOSITORY SERVICES (INDIA) LIMITED (CDSL) OF MUMBAI STOCK EXCHANGE TO FACILITATE THE SHAREHOLDERS TO HOLD AND TRADE COMPANY'S EQUITY SHARES IN ELECTRONIC FORM. INTERESTED SHAREHOLDERS CAN AVAIL THIS FACILITY BY OPENING A BENEFICIARY ACCOUNT WITH DEPOSITORY PARTICIPANTS. FOR MORE DETAILS SHAREHOLDERS MAY CONTACT THE COMPANY'S DEPOSITORY TRANSFER AGENTS FOR NSDL AND CDSL, PINNACLE SHARE REGISTRY PVT. LTD., NEAR ASOKA SPINTEX, NARODA ROAD, AHMEDABAD - 380 025.

By order of the Board of Directors
For MAHALAXMI RUBTECH LIMITED

sd/-

(RAJENDRA R. MEHTA)
(Director)

Place : Ahmedabad
Date : 18.08.2003

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.

ITEM NO.5

Shri Chirag Yogeshbhai Shah was appointed by the board of directors with effect from 31.03.2003 as an additional director of the company. In accordance with section 260 of the Companies Act, 1956, he holds office only up to the date forthcoming Annual General Meeting. As required under section 257 of the said Act, a notice has been received by the company to appoint Shri Chirag Yogeshbhai Shah as a director of the company. Shri Chirag Yogeshbhai Shah is B.E. (Chemical Engineering) having experience in business. The board considers it desirable that the company should continue to avail itself of his services as director. None of the directors are deemed to be concerned or interested in the resolution except Shri Chirag Yogeshbhai Shah.

ITEM NO.6

Shri Nikhil Kirtikantbhai Parikh was appointed by the board of directors with effect from 31.03.2003 as an additional director of the company. In accordance with section 260 of the Companies Act, 1956, he holds office only up to the date forthcoming Annual General Meeting. As required under section 257 of the said Act, a notice has been received by the company to appoint Shri Nikhil Kirtikantbhai Parikh as a director of the company. Shri Nikhil Kirtikantbhai Parikh is MBA (Finance) having experience in finance & business. The board considers it desirable that the company should continue to avail itself of his services as director.

None of the directors are deemed to be concerned or interested in the resolution except Shri Nikhil Kirtikantbhai Parikh

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DIRECTORS' REPORT**TO THE MEMBERS,**

The directors have pleasure in submitting their report along with the Audited Balance Sheet and Profit & Loss Account for the year ended 31st March, 2003.

FINANCIAL RESULTS :

During the year the company has earned profit before depreciation of Rs.8199803/- in comparison to profit of Rs.6683773/- in earlier year. The profit after providing depreciation is Rs.6071722/- against last year's profit after depreciation Rs.4628738/-.

OPERATION AND REVIEW :

During the year under review company achieved turnover of Rs.385.36 lacs as against Rs.305.00 lacs in the previous year. The export turnover is Rs.182.25 lacs as against Rs.95.26 lacs in the previous year. During the year profitability of the company has increased in comparison to earlier years. Your company is constantly trying to exploring untapped overseas markets with a view to enter into new territories. However during the year company could not attain the total turnover as envisaged due to deteriorating overall market conditions especially in textile where most of the manufactured products of ours being Rubber Printing Blankets are used. Your directors are putting their efforts for increasing the sales. Your directors expect better future prospectus in the coming year.

DIRECTORS :

Smt. Kamlaaben Jeetmal Parekh & Shri Rajendra Ratanchand Mehta liable to retire by rotation the ensuring Annual General Meeting and being eligible offer themselves for reappointment. Shri Chirag Y. Shah and Shri Nikhil K. Parikh are appointed as an additional directors of the company.

DIRECTORS RESPONSIBILITY STATEMENT :

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956 as amended by Companies (Amendment) Act, 2000, your Directors state: (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures; (ii) that the directors 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 31.03.2003 and of the profit or loss of the Company for the year ended on 31.03.2003; (iii) that the directors 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; (iv) that the directors have prepared annual accounts on a going concern basis.

CORPORATE GOVERNANCE :

The company has complied with the requirements regarding Corporate Governance as required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges, where the Company's shares are listed. A Report on the Corporate Governance in this regard is made a part of this Annual Report and a Certificate from the Auditors of the Company regarding compliance of the conditions of the Corporate Governance is attached to this report.

MANAGEMENT DISCUSSION AND ANALYSIS:**A. Business Overview:**

The Company's turnover at Rs.385.36 lacs recorded an increase of about 27% that of the previous year. The operating Profit for the year (before interest, depreciation and tax) recorded about 19% increase over the previous year. This has been mainly due to export sales and rigorous cost reduction as well as productivity and quality enhancement measures implemented by the Company. The profit before tax, after absorbing depreciation, for the year stands at Rs.60.72 lacs. During the year your company has increased the sales quantity of Rubber Printing Blankets from 17722 Ft. to 18393 Ft. whereas sales quantity of Rubber Coated Fabrics has increased from 4207 Ft. to 6897 Ft.

Your company has continued, during the year under review, to put in all possible efforts to boost exports. It has earned valuable foreign exchange. The Export sales achieved to the tune of Rs.182.25 lacs (Previous year Rs.95.26 lacs).

B. Industry Structure and Development :

The main product of our company is Rubber Printing Blankets and finds major use in Textile Industries. Apart from this our other product, that is Rubber Coated Fabrics, are widely used for various applications such as Inflatables, Defense, Safety & Protective Clothing, Gaskets, Diaphragms, Bellows, Expansion Joints, Hydraulic Seals and many more.

Presently the company is enjoying substantial market share of its products Rubber Printing Blanket in domestic market and a good presence in the global market. Though, unfortunately it must be stated that currently as the textile industry is going through recession this may effect the performance of the company.

In order to meet these challenges and to benefit from growth opportunities, your Company has taken aggressive steps in the areas of new product development, product up-gradation, cost reduction and intensive global marketing. By continuing such efforts in this direction, your Directors are confident of bringing in significant improvement on all fronts.

C. Research & Development :

Increased globalization has made the sale of products and retainment of customers, highly competitive. The need of the hour is high customer satisfaction and value for money from the product. Keeping the above objective as para mount, the research and development activities were focused into attending major customer complaints/suggestions in order to retain customer satisfaction. Your Directors are pleased to inform that the above efforts have lead to considerable reduction of customer complaints. Your company has started launching products of better quality and new aesthetic look as per customer requirements.

D. Internal Control System:

The Company has an adequate system of internal control implemented by the management towards achieving efficiency in operations, optimum utilization of resources and effective monitoring thereof and compliance with applicable laws.

E. Human Resources :

The Company attaches priority to human resource development, with focus on regular up-gradation of the knowledge and skills of our employees and equipping them with the necessary expertise to meet the challenges of change and growth successfully.

**F. ISO 9001:2000 Certification :**

We wish to share with you our happiness and pride in attaining an ISO 9001:2000 Certification, Accredited by KPMG and Dutch Council for Accreditation, covering all major criteria – Design, Development, & Manufacture.

Throughout our corporate career, your company has been quality-focused and technology-driven. From our inception, these were the factors that enabled us to manufacture truly world class Textile Rubber Printing Blankets and Rubber Coated Fabrics, through in-house R&D, and successfully market them around the world.

Well now, the ISO Certification underscores our quality consciousness, and reassures the same to all our customers globally.

AUDITORS :

M/s.Bhanwar Jain & Co., Chartered Accountants, Ahmedabad, Auditors of the company retire and are eligible for reappointment.

FIXED DEPOSITS :

The company has not accepted any deposits from public within the meaning of provisions of section 58A of the companies Act, 1956 and the rules framed there under and the directives issued by the Reserve Bank of India.

DIVIDEND:

Your directors regret the inability to recommend any dividend in the absence of sufficient profit and reserve of the company.

INSURANCE :

All the assets of the company including the inventories, Building, Plant and Machineries are adequately insured.

COMPULSORY TRADING IN DEMAT :

Trading of the equity shares of your Company are being traded compulsorily in DEMAT FORM from 23/03/2001 pursuant to circular of SEBI.

EMPLOYEES :

The information required under sub section (2A) of section 217 of the companies act, 1956 in respect of certain employees of the company are as under :

- (a) Employees employed throughout the year and who were in receipt of remuneration of not less than Rs.24,00,000/- per annum in terms of section 217 (2A) (a) (i) – None.
- (b) Employees employed for the part of the year and who were in receipt of remuneration of not less than Rs.2,00,000/- per month in terms of section 217(2A) (a) (ii) – None.
- (c) None of the employees is covered under section 217 (2A) (a) (iii).

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION :

The information required under section 217 (1) (a) of the companies Act, 1956 read with the companies (Disclosures of Particulars in the report of the board of Directors) Rules 1988 is annexed hereto and forms part of this report.

APPRECIATION :

Your directors place on record their sincere thanks for continued support of the Bankers valued customers & devoted employees for their continuous contribution for the growth and progress of the company.

For and behalf of Board

sd/-

(JEETMAL BHOORCHAND PAREKH)
Chairman

Place : Ahmedabad.

Date : 27th June, 2003

ANNEXURE TO DIRECTORS' REPORT

- (A) Information required under the companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988.

a) CONSERVATION OF ENERGY :

The Company has adopted the system of shutting down the electrical machinery and appliances when not in use to avoid unnecessary waste of energy. The company has oil fired high thermal efficiency boilers whereby heat loss is reduced and higher efficiency is achieved. The company continues to make strenuous efforts to conserve and optimize consumption through improved operational method and better plant utilization. The total energy consumption and consumption per unit of production as per form 'A' is not applicable to our company as we are manufacturing Rubber Printing Blankets and Rubber Coated Fabrics.

b) TECHNOLOGY ABSORPTION, ADOPTION & INNOVATION :

The company is putting its efforts towards research & developed in its own laboratory improve the quality of products and to test and try the latest technological innovation.

- (B) FOREIGN EXCHANGE EARNINGS AND OUTGO :

Foreign exchange earnings
Foreign exchange outgo

Rs.1,60,60,062.00
Rs. 12,66,722.00

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CORPORATE GOVERNANCE

Report on the implementation of the Corporate Governance is furnished below:

1. **Company's Philosophy on Code of Governance:**

The board of directors of your company strongly supports the principles of corporate governance further the board lays emphasis on transparency, accountability and integrity in all its operations and dealings with outsiders. Your company has complied in all material respects with the features of Corporate Governance Code as per clause 49 of the Listing Agreement with the Stock Exchange.

2. **Board of Directors :**

The Board of Directors comprises a Non-executive Chairman, A Managing Director, an Executive Director and 3 Non-Executive Directors.

During the year, 9 (Nine) Board Meeting were held on 12.04.2002, 19.06.2002, 30.07.2002, 01.08.2002, 03.09.2002, 30.10.2002, 20.12.2002, 30.01.2003 and 31.03.2003. The interval between any two meetings was less than 4 months.

The Composition of Directors and their attendance at the Board Meeting during the year and also number of other directorships/membership of Committee are as follows :

Name of Director	Category of Directorship	No. of Board Meetings Attended	Whether Attended Last AGM 27.09.2002	No. of other Directorships	Committee Membership	
					Member	Chairman
Jeetmal B. Parekh	NED	8	YES	*6	1	----
Rahul J. Parekh	MD	8	YES	**5	2	----
Rajendra R. Mehta	ED	8	YES	*3	1	1
Kamlaben J. Parekh	NED	3	YES	**2	----	----
Chirag Y. Shah	NED-I	1	NO	*1	1	1
Nikhil K. Parikh	NED-I	1	NO	----	----	1

* Includes Private Limited Company

** All Private Limited Company

NED - Non Executive Director, MD - Managing Director, ED - Executive Director, NED-I - Non Executive Director (Independent)

Shri Jeetmal B. Parekh is a Non-Executive Chairman, Shri Rahul J. Parekh and Shri Rajendra R. Mehta are Executive Directors.

3. **Audit Committee :**

1. **Terms of Reference :**

The terms of reference of the Audit Committee include :

- * To review the Company's financial reporting process and its financial statements.
- * To review the accounting and financial policies and practices.
- * To review the efficacy of the internal control mechanism and monitor risk management policies adopted by Company and ensure compliance with regulatory guidelines.
- * To review reports furnished by the statutory auditors, and ensure that suitable follow-up action is taken.
- * To recommend appointment/removal of auditors and fix/approve fees and other payments.

2. **Composition :**

The Audit Committee was constituted on 31st March 2003. The Audit Committee comprise of 3 non-executive directors and met on 31.03.2003 during the year the attendance of members at the meetings was as follows:

Name of Member	Status	No. of Meetings Attended
Nikhil K. Parikh	Chairman	1
Chirag Y. Shah	Member	1
Jeetmal B. Parekh	Member	1

All members are non-executive directors and out of which two members are independent directors.

4. **Remuneration Committee**

As per Clause 49 of Listing Agreement, constitution of Remuneration Committee is non-mandatory and hence the Company has not constituted it. However the remuneration payable to the Executive Directors have been approved by the Board and the shareholders at the Annual General Meetings held on 29.09.2000 for Director (Finance) and on 27.09.2002 for Managing Director. The company does not pay any remuneration for attending the Board / Committee Meeting to Non-executive directors.

The Details of Remuneration payable to Managing Director and Whole time director are as follows :

Remuneration to Mr. Rahul J. Parekh, Managing Director :-

- i. Salary Rs.15000/- (Rupees fifteen thousand only) per month.
- ii. Gratuity, P.F. etc. as may be applicable to the executives of the company from time to time.
- iii. In addition to salary the perquisites for facility of car, Cellphone/Telephone, Reimbursement of medical expenses and mediclaim policy for self & family, Leave Travel Concession for self & Family and reimbursement fees and expenses of clubs subject to maximum of two clubs provided.

**Remuneration to Rajendra R. Mehta, Director (Finance) :-**

- Salary Rs.8000/- (Rupees Eight Thousand only) per month and HRA Rs.4000/- (Rupees four thousand only)
- Gratuity, P.F. etc. as may be applicable to the executives of the company from time to time.
- In addition to salary the perquisites for facility of car and Cellphone/Telephone provided.

No bonus shares and stock options are issued to any of the Directors.

5. Shareholders / Investors Grievance Committee :**Terms of Reference**

To specifically look into redressal of complaints like transfer of shares, non-receipt of dividends, non-receipt of annual report etc. received from shareholders / investors and improve the efficiency in investors service, wherever possible.

The Committee was formed on 31st March, 2003 and comprise of 1 Non-Executive Director (Independent) 1 Managing Director and 1 Executive Director. The committee met one time during the year on 31st March 2003 and all members attended the meeting.

Members :

Mr. Chirag Y. Shah - Chairman

Mr. Rahul J. Parekh - Member

Mr. Rajendra R. Mehta - Member

The status of complaints is periodically reported to the Board of Directors in its meetings. The complaints received from the Share holders, were replied/resolved to the satisfaction of the shareholders.

6. Share transfer committee.

The board has delegated the power of approving transfers of shares to a committee of two directors, committee met 13 times during the year and approved the transfer of shares lodged with the company.

7. General Body Meeting

The last three Annual General Meetings of the Company were held on the following locations, dates & times :

Year	Location	Date	Time
2001-2002	Anand Chem Compound Plot No.315, N.H. No.8, Isanpur, Narol, Ahmedabad	27.09.2002	1.00 PM
2000-2001	===== DO =====	28.09.2001	1:00 PM
1999-2000	Vaibhav Hall, Nr.Canal Char Rasta Naroda-Narol Highway Road, Ghodasar, Ahmedabad	29.09.2000	1.00 PM

Postal Ballot :

- No Special resolutions were required to be put through postal ballot last year.
- No special resolutions on matters requiring postal balloting are placed for shareholder's approval at this meeting.

8. Disclosures :

Details of related party transactions are furnished in Note No. 11 of schedule No. 19 under Notes forming part of Accounts. None of the transactions with any of the related parties were in conflict with the interest of the company.

There were no instances of noncompliance on any matter related to the capital markets, during the last three years.

9. Means of Communication :

The Company has published its Quarterly results in Chanakya - English and News line - Gujarati daily.

10. The Particulars of Directors who are proposed to be appointed/reappointed are given below :

Sr. No.	Name	Age	Occupation	Date of Appointment	Expertise	Other Directorship	Other Committee Membership
1.	Kamlaben J. Parekh	52	Business	10-3-2000	Having Experience as director in management of other compaines	Anand Chem Industries Pvt. Ltd Mahalaxmi Calchem Pvt. Ltd.	-----
2.	Rajendra R. Mehta	39	Business	25-9-1991	Chartered Accountant with over 17 years of experience in the field of finance, taxation, accounts, corporate affairs and strategy.	Mahalaxmi Pharmadrugs Ltd. Rainbow Exports Pvt. Ltd. Sonnet Colours Pvt. Ltd.	2
3.	Chirag Y. Shah	33	Business	31-3-2003	B.E. (Chemical Engineering) having business experience over ten years.	Aflon Allplast Pvt. Ltd.	2
4.	Nikhil K. Parikh	31	Business	31-3-2003	M.B.A. (Finance) Experience in Finance and Business	-----	1