

13th
ANNUAL REPORT
31st MARCH, 2004

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MAHALAXMI RUBTECH LIMITED

Regd. Office : 47, New Cloth Market, Ahmedabad-380 002. (INDIA)

ANNUAL REPORT 2003-2004



MAHALAXMI RUBTECH LIMITED

BOARD OF DIRECTORS : SHRI JEETMAL B. PAREKH
SHRI RAHUL J. PAREKH
SHRI RAJENDRA R. MEHTA
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 THIRTEENTH ANNUAL GENERAL MEETING OF "MAHALAXMI RUBTECH LIMITED" will be held at Anand Chem Compound, Plot No. 315, N.H. No. 8, Isanpur, Narol, Ahmedabad-382405 on Wednesday 29th day of September 2004 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, 2004 and Profit and Loss Account for the year ended on that date and the reports of the Directors and Auditors thereon.
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 Shri Jeetmal Bhoorchand Parekh who retires by rotation and being eligible offers himself for reappointment.

SPECIAL BUSINESS :**ITEM NO. 1**

To Consider and, if thought fit, to pass with or without modifications, the following resolution as

Special Resolution :

"RESOLVED THAT pursuant to the applicable provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 (hereinafter referred to as the "Delisting Guidelines") and subject to the provisions of the Companies Act, 1956 (including any statutory modification (s) or re-enactment thereof for the time being in force), Securities Contract (Regulation) Act, 1956 and the Rules framed thereunder, Listing Agreements, and all other applicable rules, regulations, and guidelines and subject to the approval, consent, permission or sanction of the Securities and Exchange Board of India, Stock Exchange where the shares of the Company are listed and any other appropriate authorities, institutions or regulations as may be necessary and subject to such conditions and modification, if any, as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (herein after referred to as "the Board" which term shall be deemed to include any committee thereof for the time being exercising the powers conferred on the Board by this resolution), the consent of the Company be and is hereby accorded to the Board to delist the equity shares of the company from the Stock Exchange at Ahmedabad at such time or times as the Board may decide.

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 REGISTER OF MEMBERS AND TRANSFER BOOK OF THE COMPANY WILL BE CLOSED FROM SATURDAY THE 25TH SEPTEMBER, 2004 TO WEDNESDAY THE 29TH SEPTEMBER, 2004 (BOTH DAYS INCLUSIVE)
3. THE RELEVANT EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956 IN RESPECT OF SPECIAL BUSINESS UNDER ITEM NO. 1 AS SET OUT ABOVE IS ANNEXED HERE TO.
4. THE COMPANY IS HAVING DEPOSITORY ARRANGEMENT WITH NATIONAL SECURITIES DEPOSITORY LIMITED (NSDL), AND CENTRAL DEPOSITORY SERVICES (INDIA) LIMITED (CDSL) 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 : 23-8-2004

ANNEXURE TO THE NOTICE**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.****ITEM NO. 1**

The Company's shares are presently listed on The Stock Exchange Ahmedabad and The Stock Exchange, Mumbai, SEBI through its guidelines known as Securities and Exchange of India (Delisting of Securities) Guidelines 2003, dated 17th February 2003 has permitted Companies to voluntarily delist its Share from a Stock Exchange where the shares are listed for period of more than 3 years provided, inter-alia, the Company is authorized by the Shareholders for making such an application for delisting through a special resolution. The Board of Directors has decided to take step to have the equity shares of the Company delisted from The Stock Exchange, Ahmedabad as there were no trading/thin trading of Company's share and where the Company's shares will continue to be listed on The Stock Exchange, Mumbai, which are having nation-wide trading terminals and the delisting from The Stock Exchange, Ahmedabad will not affect the trading of the Shares by members located in any part of the country.

The Board of Directors of your Company recommend passing of the resolution set out under item No. 1 as Special Resolution. None of the Directors of the Company are interested or concerned in the Resolution.

By order of the Board of Directors
For, MAHALAXMI RUBTECH LIMITED

Sd/-
(RAJENDRA R. MEHTA)
(Director)

Place : Ahmedabad
Date : 23-8-2004

ANNUAL REPORT 2003-2004**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, 2004

FINANCIAL RESULTS :

	2003-04 (Rs. in Lacs)	2002-03 (Rs. in Lacs)
Sales & Other Income	397.00	394.82
Profit before Depreciation	90.53	82.00
Less : Depreciation	20.66	21.28
	-----	-----
Profit before Tax	69.87	60.72
Less : Provision for Taxation	5.40	5.00
Less : Provision for deferred Taxation	27.25	27.97
	-----	-----
Profit after Tax	37.22	27.75

OPERATION AND REVIEW :

During the year under review company has achieved turnover of Rs. 377.82 lacs as against Rs. 385.36 lacs in the previous year. The export turnover is Rs. 55.23 lacs as against Rs. 182.25 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 :

Shri Jeetmal Bhoorchand Parekh is liable to retire by rotation at the ensuing Annual General Meeting and being eligible offer himself for reappointment.

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 31.03.2004 and of the profit or loss of the Company for the year ended on 31-03-2004; (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. 377.82 lacs recorded decrease of about 2% that of the previous year. The net Profit for the year (before depreciation and tax) recorded about 10% increase over the previous year. This has been mainly due to 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. 69.87 lacs.

During the year the sales quantity of Rubber Printing Blankets has slightly decreased from 18393 Ft. to 16337 Ft. whereas sales quantity of Rubber Coated Fabrics has increased from 6897 Ft. to 9425 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. 55.23 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 may 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 has affected the performance of the company to the certain extent.



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 paramount, the research and development activities were focused in to 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 and 58AA 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) (e) 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 : 29th June, 2004

ANNUAL REPORT 2003-2004

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	:	Rs. 53,70,005.00
Foreign exchange outgo	:	Rs. 11,83,691.00

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 with all material respects with the features of Corporate Governance Code as per clauses 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 Directors and 3 Non-Executive Directors.

During the year, 6 (Six) Board Meetings were held on 27.06.2003, 30.07.2003, 22.10.2003, 21.11.2003, 18.12.2003, 30.01.2004. 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 Committees are as follows :

Name of Directors	Category of Directorship	No. of Board Meetings Attended	Whether Attended Last AGM 19.09.2003	No. of other Directorship	Committee Membership	
					Member	Chairman
Jeetmal B. Parekh	NED-P	4	YES	*6	1	----
Rahul J. Parekh	MD	5	YES	**5	1	1
Rajendra R. Mehta	ED	6	YES	*3	2	----
Kamlaben J. Parekh	NED-P	1	YES	**2	----	----
Chirag Y. Shah	NED-I	5	YES	**1	1	1
Nikhil K. Parikh	NED-I	4	YES	----	----	1

*Includes Private Limited Company

**All Private Limited Company

NED-P - Non Executive Director (Promotor) 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.

Shri Chirag Y. Shah and Nikhil K. Parikh are Non-Executive Directors (Independent).

3. Audit Committee :1. Terms & Reference :

The terms of reference of the Audit Committee include :

To oversee the Company's financial reporting process and disclosure of its financial information, to ensure that the financial statement is correct, sufficient and credible, To recommend the appointment of Statutory Auditors and fixation of the audit fees and other payments. To review and discuss with the Auditors about internal control systems, the scope of audit including the observations of the Auditors, adequacy of the internal control system, major accounting policies, practices and entries, compliance with accounting standards and with the stock exchanges and legal requirements concerning financial statements and related party transactions, if any, to review the company's financial and risk



management policies and discuss with the auditors any significant findings for follow-up thereon, To review the quarterly, half yearly and annual financial statements before submission to the Board of Directors.

The committee also meets the operating management and reviews the operations, new initiatives and performance of the business unit. The minutes of the Audit Committee are circulated to the Board, discussed and taken note of.

2. **Composition:**

The Audit Committee comprises of 3 Non-executive directors. During the year 4 committee meetings held on 25.06.03, 30.07.03, 22.10.03 and 30.01.04 and the attendance of members at the meetings was as follows :

Name of Member	Status	No. of Meetings Attended
Nikhil K. Parikh	Chairman	4
Chirag Y. Shah	Member	4
Jeetmal B. Parekh	Member	3

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 had been approved by the Board and the shareholders at the Annual General Meetings for the period of five years.

The Details of Remuneration for the year 2003-2004 paid to the Directors are as follows :

Remuneration for the year 2003-2004 to Mr. Rahil J. Parekh, Managing Director :-

- Basic Salary Rs. 1,80,000/- (Rupees One lac eighty thousand only)
- In addition to basic salary the perquisites of Rs. 14,400/- for facility of car.

Remuneration for the year 2003-2004 to Rajendra R. Mehta, Director (Finance) :-

- Basic Salary Rs. 96,000/- (Rupees Ninety Six Thousand only)
- In addition to basic salary the House rent allowance Rs. 48,000/-

The contractual agreements with executives can be terminated by either party giving 1 months prior notice.

The company does not pay any severance fee and No bonus shares and stock options are issued to any of the Directors.

The company does not pay any remuneration for attending the Board / Committee Meeting to Non-executive directors.

There is no pecuniary relationship or transaction of the company with any non executive 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 shareholders' Grievance Committee comprises of Non-Executive director (independent), Managing Directors and 1 Executive Director. The committee met two times during the year on 23.09.03 and 30.01.04 and all members attended the meeting.

Members:

Mr. Chirag Y. Shah - Chairman

Mr. Rahul J. Parekh - Member

Mr. Rajendra R. Mehta - Member

Shri Rajendra R. Mehta, Director is a compliance Officer.

During the year company has received 16 complaints which were resolved on time and no complaint remains pending at year end. The Status of complaints is periodically reported to the Committee and Board of Directors in their meetings.

6. **Share Transfer Committee:**

The board has delegated the power of approving transfer of shares to a committee of two directors and one senior executive, committee met 13 times during the year and approved the transfer of shares lodged with the company and not transfer were pending as on 31-03-2004.

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
2002-2003	Anand Chem Compound Plot No. 315, N.H. No. 8 Isanpur, Narol, Ahmedabad.	19.09.2003	4.00 PM
2001-2002	=====DO=====	27.09.2002	1.00 PM
2000-2001	=====DO=====	28.09.2001	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.