

**14th  
ANNUAL REPORT  
31st MARCH, 2005**

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**MAHALAXMI RUBTECH LIMITED**

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

**ANNUAL REPORT 2004-2005**



## **MAHALAXMI RUBTECH LIMITED**

**BOARD OF DIRECTORS** : SHRI JEETMAL B. PARKEH  
SHRI RAHUL J. PAREKH  
SHRI RAJENDRA R. MEHTA  
SMT. KAMLABEN J. PAREKH  
SHRI NIKHIL K. PARIKH  
SHRI NEHAL M. SHAH

**AUDITORS** : BHANWAR JAIN & CO.  
AHMEDABAD.

**BANKERS** : BANK OF BARODA

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

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

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

**NOTICE TO MEMBERS**

NOTICE is hereby given that the FOURTEENTH 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 Thursday 29th day of September 2005 at 4.00 p.m. to transact the following business:

**ORDINARY BUSINESS**

1. To receive consider and, if approved, adopt the Audited Balance Sheet as at 31st March 2005 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 Nikhil Kirtikantbhai Parikh who retires by rotation and being eligible offers himself for reappointment.

**SPECIAL BUSINESS**

4. To Consider and, if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution** :  
RESOLVED THAT Shri Nehal Mayur Shah be and is hereby appointed as director of the board of directors of the company.
5. To Consider and, if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution** :  
RESOLVED THAT pursuant to the provision of section 198, 269, 309 and schedule-XIII of the Companies Act, 1956 Shri Rajendra Ratanchand Mehta be and is hereby reappointed as whole time director from 1st day of November, 2004 for a period of 5 years on the following terms & conditions :-

The whole time director shall be responsible for matters pertaining to finance, accounts & general administration but always subject to the superintendence, control and direction of the board of directors of the company.

Salary @ Rs.16000/- per month.

Gratuity, P.F etc. as may be applicable to other executives of the company from time to time.

The telephone facility at residence of director will not be considered as perquisite and personal long distance call on telephone shall be reimbursed.

Facility of car shall be provided to the director.

6. To Consider and, if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution** :  
RESOLVED THAT in suppression of resolution passed at Extra Ordinary General Meeting of the Company held on January 27, 1994 and pursuant to the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 the consent of the members of the company be and is hereby accorded to the Board of Directors of the Company to borrow such sums of money as may be considered fit for the purpose of the business of the Company notwithstanding that the monies to be so borrowed together with the monies already borrowed by the company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up share capital and free reserves of the Company, provided however, that the total borrowings at any one time and outstanding shall not exceed Rs.10 Crores ( Ten Crores Only)

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion consider necessary, proper, desirable and to settle any question, difficulty or doubt that may arise in this regard.

7. To Consider and, if thought fit, to pass with or without modifications, the following resolution as an **Ordinary Resolution** :  
RESOLVED THAT pursuant to the provisions of Section 293 (1)(a) of the Companies Act, 1956, consent of the members of the company be and is hereby accorded to the Board of Directors of the Company to create such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations created by the company, on such movable and immovable properties, both present and future, and in such manner as the Board may deem fit, together with power to take over the management and concern of the Company in certain events in favour of banks / financial institutions, other investing agencies and trustees for the holders of debentures / bonds / other instruments to secure rupee / foreign currency loans and/or the issue of debentures whether partly / fully / non convertible and / or securities linked to Ordinary shares and / or rupee / foreign currency convertible bond and / or bonds with share warrants attached hereinafter collectively referred to as "Loans" provided that the total amount of loan together with interest thereon, additional interest, compound interest, liquidated damages, commitment charges, premia on prepayment or on redemption, costs, charges, expenses and all other moneys payable by the company in respect of the said loans, shall not at any time exceed the limit of Rs.10 Crores.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board of Directors be and is hereby authorized and empowered to finalize, settle and execute any such formal contract, agreements, documents, deeds, indemnities, guarantees or other legal undertakings as may be required and do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to creating mortgages/ charges as aforesaid.

8. To Consider and, if thought fit, to pass with or without modifications, the following resolution as a **Special Resolution** :  
RESOLVED THAT approval be and is hereby accorded pursuant to Section 149(2A) and other applicable provisions, if any, of the Companies Act, 1956 to the company commencing and carrying on as and when the Board of Directors may think fit the following business be added as sub-clause 2 and 3 in Clause III (A) of the Memorandum of the Association of the company:

2. To carry on the business of manufacturing, processing, buying, selling, exporting and importing or otherwise dealing in all kinds of polymers such as rubber, plastic and other similar materials and formulations thereof, adhesives, seals, inflatables, water proofers, sheets, films, foils, oil cloth, linoleum, tarpaulins, hospital sheetings and surgical goods.

3. To carry on, either on its own account or on account of others, the business of manufacturing, exporting, importing, dealing, weaving, sizing, spinning, ginning, pressing, packing, baling of cotton, polyester, viscose, synthetics, linen, rayon, nylon, silk, artificial silk, wool, jute, hemp, man made fibres, mixed fibres and any other fibrous substances and the preparation, bleaching, dyeing, colouring, finishing, mercerising, calendaring, printing, packing, folding and all kind of processing of yarn, cloth, fabric and other substances whether textile, frebled, knitted, hosiery, netted or looped and manufacturing, buying, selling, exporting, importing and dealing in yarn, fabrics, cloth, waste, made up articles, apparels and garments of cotton, silk, artificial silk, wool, jute, hemp, viscose, synthetics, polyester, linen, rayon, nylon, man made fibres, mixed fibres and other goods and merchandise made thereof.

**ANNUAL REPORT 2004-2005****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 MONDAY THE 26TH SEPTEMBER, 2005 TO THURSDAY THE 29TH SEPTEMBER, 2005 (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. 4 TO 8 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 : 23.08.2005

**ANNEXURE TO THE NOTICE**

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

**ITEM NO.4**

Shri Nehal Mayur Shah was appointed by the Board of Directors with effect from 30.03.2005 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 have been received by the company to appoint Shri Nehal Mayur Shah as a director of the company. Shri Nehal Mayur Shah is M.B.A. having experience in finance and 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 Nehal Mayur Shah.

**ITEM NO.5**

Shri Rajendra Ratanchand Mehta was appointed as a whole time director of the company on 07.11.1999 for a period of 5 years. His term of office as whole time director of company expired on 06.11.2004. In view of his valuable services it is considered appropriate to reappoint Shri Rajendra Ratanchand Mehta as whole time director for a further period of 5 years with effect from 01.11.2004 on the terms and conditions as per the proposed resolution as whole time director of the company. Your Directors recommend the same.

None of the directors are deemed to be concerned or interested in the resolution except Shri Rajendra Ratanchand Mehta.

**ITEM NO.6**

The members of the Company in their meeting held on January 27, 1994 had approved borrowing not exceeding Rs. 500 Lacs. In view of the expansion and project for textiles to be undertaken by the company, considering the cost of project and requirement of funds, the company would be required to borrow the funds from time to time. As per the provisions of section 293(1) (d) of the Companies Act, 1956 the board of directors of the company cannot borrow money exceeding the aggregate of the paid up capital and free reserves of the company. Keeping in view of the above it is felt necessary to increase the borrowing limit to Rs.10 Crores. It would be in the interest of the company to provide such authority to the board of directors and your directors recommend the same.

None of the Directors is deemed to be concerned or interested in the resolution.

**ITEM NO.7**

Section 293(1)(a) of the Companies Act, 1956, however, does not require approval of members for obtaining of loans by mortgaging of whole or substantially whole of undertaking except in case of usufructuary mortgage. But in practice, Financial Institution/Banks insist for approval of members. Keeping in view the increase in borrowing powers this resolution is consequential and approval of members is required. Your directors recommend the same.

None of the Directors is deemed to be concerned or interested in the resolution.

**ITEM NO.8**

Presently the main business of the company is manufacturing of rubber products. Your directors keep considering various proposals as an ongoing endeavor to diversify into certain new business ventures, as in the fast changing business and economic environment it is imperative for any company to keep examining various opportunities and different business to ensure growth, momentum and overall enhancement of shareholders value.

In terms of Section 149(2A) of the Act, any business which is not germane to the existing business of the company cannot be commenced by the company until such commencement has been approved by the company in General Meeting by a Special Resolution and until a duly verified declaration in the prescribed form has been filed with the Registrar of Companies. Since the business covered in the resolution set out in the Notice to expand the scope of its operation and to add more business areas to its core business, the Board is of the opinion that the company should pass a Special Resolution under Section 149(2A) of the Act, authorising to the company to carry on the business set out in the resolution at item no 8. The Resolution is recommended for the approval of the Members.

None of the Directors is, in any way, concerned or interested in the said resolution.

By order of the Board of Directors  
For MAHALAXMI RUBTECH LIMITED

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

Place : Ahmedabad  
Date : 23.08.2005

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, 2005

**FINANCIAL RESULTS :**

	2004-05 (Rs. in Lacs)	2003-04 (Rs. in Lacs)
Sales & Other Income	358.38	397.00
Profit before Depreciation	82.97	90.53
Less : Depreciation	21.31	20.66
Profit before Tax	61.66	69.87
Less: Provision for Taxation	4.85	5.40
Less : Provision for deferred Taxation	22.33	27.25
Profit after Tax	34.48	37.22

**OPERATION AND REVIEW :**

During the year under review company has achieved turnover of Rs.340.21 lacs as against Rs.377.82 lacs in the previous year. The export turnover is Rs. 101.77 lacs as against Rs.55.23 lacs in the previous year. During the year domestic turnover and profitability of the company has decreased in comparison to earlier year. Your company is constantly trying to explore untapped overseas markets with a view to enter into new territories. Your directors are putting their efforts for increasing the sales. Your directors expect better future prospectus in the coming year.

**DIRECTORS :**

Shri Nikhil Kirtikanthbhai Parikh liable to retire by rotation at the ensuing Annual General Meeting and being eligible offer himself for reappointment. Shri Chirag Yogeshbhai Shah resigned from the board and Shri Nehal Mayur Shah was appointed as an additional director 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 31.03.2005 and of the profit or loss of the Company for the year ended on 31.03.2005; (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.340.21 lacs recorded decrease of about 10% that of the previous year. The net Profit for the year (before depreciation and tax) recorded about 8% decrease over the previous year. This has been mainly due to lack of demand resulting in marginal drop of total sales as well as rising raw material prices. The profit before tax, after absorbing depreciation, for the year stands at Rs.61.66 lacs.

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.101.77 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 Rubberised Textile 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, i.e. Rubber Printing Blanket in domestic market and a good presence in the global market. Unfortunately though, it must be stated that due to the rising raw material prices and lack of market demand performance of the company has been affected to a certain extent.

**Opportunities & Threats:** 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.

In the current year your company is planning to expand their manufacturing activities in various types of Rubber Products. The company also further plans to diversify their current business activities by planning to set-up a Textile Sizing and Weaving unit for manufacturing high value Textile Fabrics.

However our industry do face certain weaknesses and threats. Some of major threats being fierce competition in the global and domestic markets, rising raw material prices and exchange fluctuations.

**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



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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 inform you that your company continues to enjoy the 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 Rubberised Textile Fabrics, through in-house R&D, and successfully market them around the world.

**G. Cautionary Statement :**

Statements in the Management Discussion and Analysis describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities, law and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include global and domestic supply and demand conditions affecting selling prices of finished goods, input availability and prices, changes in government regulations, tax laws, economic developments within the country and outside the country and other factors such as litigation and industrial relations.

**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 : 28th June, 2005

**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 highly efficient oil fired thermal boiler 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 Rubberised Textile 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. 98,49,041.00
Foreign exchange outgo	Rs. 5,28,398.00

**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 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, 7 (Seven) Board Meetings were held on 02.04.2004, 31.05.2004, 29.06.2004, 30.07.2004, 29.10.2004, 28.01.2005 & 30.03.2005. 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 Director	Category of Directorship Attended	No. of Board Meetings	Whether Attended Last AGM 29-09-2004	No. of other Directorships	Committee Membership	
					Member	Chairman
Jeetmal B. Parekh	NED-P	7	YES	*5	1	1
Rahul J. Parekh	MD	6	YES	*5	1	1
Rajendra R. Mehta	ED	7	YES	*2	2	----
Kamlaben J. Parekh	NED-P	2	YES	*2	----	----
Chirag Y. Shah **	NED-I	4	YES	*1	2	1
Nikhil K. Parikh	NED-I	6	YES	----	1	2
Nehal M. Shah ***	NED-I	----	NO	----	2	----

\* All Private Limited Company

\*\* Resigned as a Director of the company with effect from 30.03.2005.

\*\*\* Appointed as an Additional Director of the company with effect from 30.03.2005.

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, Nikhil K. Parikh & Nehal M. Shah are Non Executive Directors (Independent).

**3. Audit Committee :**

**1. Terms of 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 & internal audit functions, 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, to look into the payments to the depositors, shareholders and creditors. 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 5 committee meetings held on 09.04.04, 26.06.04, 30.07.04, 29.10.04 and 28.01.2005 and the attendance of members at the meetings was as follows:

Name of Member	Status	No. of Meetings Attended
Nikhil K. Parikh	Chairman	5
Chirag Y. Shah *	Member	5
Jeetmal B. Parekh	Member	5
Nehal M. Shah **	Member	----

\* Chirag Y. Shah retired as a member of the audit committee of the company with effect from 30.03.2005.

\*\* Nehal M. Shah appointed as a member of the audit committee of the company with effect from 30.03.2005.

All members are non-executive directors and out of which two members are independent directors. The General Manager & Compliance Officer are regular invitees and statutory auditors are invited from time to time.

**4. Remuneration Committee (Non Mandatory)** The remuneration committee of the Board has been constituted mainly to review, assess & recommend to the Board, the company's policies on remunerations packages for Executive and Non-Executive Directors.

The committee comprises of 3 Non-Executive directors, Mr. Jeetmal B. Parekh as Chairman and Mr. Nikhil K. Parikh, Mr. Chirag Y. Shah as members.

During the year under review, the committee met one time on 29th October 2004 where all members were present in the meeting.

Chirag Y. Shah retired as a member of the remuneration committee of the company with effect from 30.03.2005. Nehal M. Shah appointed as a member of the remuneration committee of the company with effect from 30.03.2005.

The Details of Remuneration for the year 2004-2005 paid to the Directors are as follows :

Remuneration for the year 2004-2005 to Mr. Rahul J. Parekh, Managing Director :-

i. Basic Salary Rs 1,80,000/- (Rupees One Lac Eighty Thousand Only)

ii. In addition to basic salary the perquisites of Rs. 14,400/- (Rupees Fourteen Thousand Four Hundred Only) for facility of car.

Remuneration for the year 2004-2005 to Rajendra R. Mehta, Director (Finance) :-

i. Basic Salary Rs. 1,36,000/- (Rupees One Lac Thirty Six Thousand only)

ii. In addition to basic salary the House rent allowance Rs. 28,000/- (Rupees Twenty Eight Thousand Only)

The other information of Directors are as under:

Name	Age	Designation	Date of initial appointment	Nature of employment	Shares held
Jeetmal B. Parekh	62	Chairman	27.08.1993	-----	470600
Rahul J. Parekh	33	Managing Director	05.07.1995	Contractual	439800
Rajendra R. Mehta	42	Executive Director	25.09.1991	Contractual	2500
Kamlaben J. Parekh	56	Director	10.03.2000	-----	396300
Nikhil K. Parikh	33	Director	31.03.2003	-----	NIL
Nehal M. Shah	33	Additional Director	30.03.2005	-----	NIL