

**15th  
ANNUAL REPORT  
31st MARCH, 2006**

Report  junction.com



**MAHALAXMI RUBTECH LIMITED**

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



## **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
COMPLIANCE OFFCER	: CHANDRESH B. PANDYA (Company Secretary)
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.
REGISTRAR & SHARE TRANSFER AGENT	: PINNACLE SHARE REGISTRY PVT. LTD. NR. ASOKA SPINTEX, NARODA ROAD, AHMEDABAD - 380025. TEL. : 079 - 22204226 FAX : 079 - 22202963

**NOTICE TO MEMBERS**

NOTICE is hereby given that the FIFTEENTH 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 Friday the 29th day of September 2006 at 1.00 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 2006 and Profit and Loss Account for the year ended on that date and the reports of the Directors and Auditors thereon.
2. To declare Dividend on the Equity Shares of the Company
3. To appoint Auditors of the company from the conclusion of this meeting to the conclusion of the next Annual General Meeting
4. To appoint a director in place of Smt. Kamlaben J. Parekh, who retires by rotation and being eligible offers herself for reappointment.

**SPECIAL BUSINESS :**

5. To consider and if thought fit, to pass with or without modifications, the following, resolution as a SPECIAL RESOLUTION :  
 "RESOLVED THAT pursuant to the provision of Section 94 and all other applicable provisions, if any, of the companies Act, 1956, the Authorised Share Capital of the Company be and is hereby increased from Rs. 5,00,00,000 (Rupees Five Crores Only) divided into 50,00,000 (Fifty Lacs) Equity Shares of Rs. 10/- (Rupees Ten Only) each to Rs. 15,00,00,000 (Rupees Fifteen Crores Only) divided into 1,50,00,000 (One Crore Fifty Lacs) Equity Shares of Rs. 10/- (Rupees Ten Only) each."

"RESOLVED FURTHER THAT pursuant to the provision of Section 16 and all other applicable provisions if any, of the companies Act, 1956 the existing Clause V of the Memorandum of Association of the Company be and is hereby deleted and the following be and is hereby substituted in its place as a new Clause "V"

V The Authorised Share Capital of the Company is Rs. 15,00,00,000/- (Rupees Fifteen Crores Only) divided into 1,50,00,000 (One Crore Fifty Lacs) Equity shares of Rs. 10/- (Rupees Ten Only) each."

6. To consider and if thought fit, to pass with or without modifications, the following, resolution as a SPECIAL RESOLUTION :

RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any of the Companies Act, 1956 the Articles of Association of the Company be altered by deleting the existing Article No. 4 and substituting in place thereof the following as Article No. 4.

4. "The Authorised Share Capital of the Company is Rs. 15,00,00,000/- (Rupees Fifteen Crores only) divided in to 1,50,00,000 (One Crore fifty lacs) Equity Shares of Rs. 10/- (Rupees Ten only) each, capable of being increased or decreased in accordance with the Company's regulations and legislative provisions for the time being in that behalf."

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 198, 309, 310, Schedule XIII and other applicable provisions of the Companies Act, 1956, as amended from time to time, approval be and is hereby granted for revision in remuneration of Shri Rahul J. Parekh as a Managing Director of the Company with effect from 1st August, 2006 on the following terms and conditions."

Salary of Rs. 25,000/- (Rupees twenty five thousand) per month.

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

The cell phone and telephone facility at residence of managing Director will not be considered as perquisite and personal long distance call on cell phone / telephone shall be reimbursed.

Facility of car shall be provided to the managing Director.

Reimbursement of medical expenses and mediclaim policy for self and family.

Leave Travel Concession for self and family in accordance with the rules of the Company.

The Company shall pay and/or reimburse fees and expenses of clubs, subject to a maximum of two clubs

"RESOLVED FURTHER THAT the above remuneration payable to him shall be subject to limits as may be prescribed from time to time under the provisions of the Companies Act, 1956, Schedule thereof and rules thereunder as well as any other statutory provision as may be applicable, including statutory modifications thereof, if any."

"RESOLVED FURTHER THAT in the event of inadequacy or absence of profits in any financial year, Managing Director be paid the above remuneration and benefits as the minimum remuneration subject to the ceiling as prescribed in section II of the part II of Schedule XIII of the Companies Act, 1956.

8. 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 198, 309, 310 and Schedule XIII and other applicable provisions of the Companies Act, 1956, as amended from time to time, approval be and is hereby granted for revision in remuneration of Shri Rajendra Ratanchand Mehta, Whole time Director of the Company with effect from 1st August, 2006 on the following terms and conditions."

Salary of Rs. 22,000/- (Rupees twenty two thousand) per month.

Gratuity, P.F. etc. as may be applicable to the 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.

"RESOLVED FURTHER THAT the above remuneration payable to him shall be subject to limits as may be prescribed from time to time under the provisions of the Companies Act, 1956, Schedule thereof and rules thereunder as well as any other statutory provision as may be applicable, including statutory modifications thereof, if any."

"RESOLVED FURTHER THAT in the event of inadequacy or absence of profits in any financial year, Whole time Director be paid the above remuneration and benefits as the minimum remuneration subject to the ceiling as prescribed in section II of the part II of Schedule XIII of the Companies Act, 1956.

**NOTE :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF 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 REMAIN CLOSED FROM MONDAY THE 25TH SEPTEMBER, 2006 TO FRIDAY THE 29TH SEPTEMBER, 2006 (BOTH DAYS INCLUSIVE)

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3. The Dividend as recommended by the Board of Directors of the Company, when sanctioned and declared at the Annual General Meeting of the Company will be made payable to the equity shareholders of the Company whose names stand registered on the Company's Register of Members :

1) in respect of shares held in electronic form, to those members whose names appear in the statements of beneficial ownership furnished by National Security Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as at the opening hours of September 25, 2006.

2) to those members whose names appear on the Company's register of members, after giving effect to all valid share transfers in physical form lodged with Pinnacle Share Registry Pvt. Ltd., Registrar and Share Transfer Agent of the Company before September 25, 2006.

4. The relevant explanatory statement pursuant to section 173 of the Companies Act, 1956 in respect of Special Business under item No. 5 to 8 as set out above is annexed herewith.

5. 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**  
(CHANDRESH B. PANDYA)

Place : Ahmedabad

Date : 29th August, 2006

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

**ITEM NO. 5**

The present Authorised Share Capital of the Company is Rs. 5 Crores divided into 50,00,000 equity shares of Rs. 10 each. In view of Company's expansion and diversification plan it would be necessary to increase the Authorised Share Capital of the Company. Hence the Board of Directors of the Company has considered it necessary and desirable to increase the Authorised Share Capital of the Company from Rs. 5,00,00,000/- to Rs. 15,00,00,000/-.

Hence there will be consequential amendment in the Capital clause of the Memorandum of Association of the Company and accordingly the existing Clause V of the Memorandum of Association is proposed to be substituted by a clause as set out in the text of the resolution under Item no. 5 of the notice.

The Board commends the Resolution at Item No. 5 for acceptance by the members.

**ITEM NO. 6**

Pursuant to amendment in Clause V of the Memorandum of Association of the Company it would be necessary to amend the Article no. 4 of the Articles of Association of the Company. Hence existing Article No. 4 of the Articles of Association is proposed to be substituted by Article No. 4 as set out in the text of the Special resolution under Item no. 6 of the notice.

The Board commends the Resolution at Item No. 6 for acceptance by the members.

**ITEM NO. 7**

Shri Rahul J. Parekh was appointed as a Managing Director of the Company w.e.f. 01-08-2002 for a term of five years. However, considering the present and future level of operations of the Company and increased responsibilities, the Board of Directors of the Company has decided to increase his remuneration. The revision in salary payable to him has been approved and recommended by the remuneration committee. The Board of Directors accordingly made a revision in the terms of his remuneration with effect from 1st August, 2006.

Pursuant to the provisions of section 198, 310, and Schedule XIII and other applicable provisions of the Companies Act, 1956. Your Directors hereby declare that Company has not made any default in repayment of any of its debts and interest thereon.

This may be treated as an abstract under section 302 of the Companies Act, 1956.

Approval of members is now sought to the above revision in remuneration payable to Shri Rahul J. Parekh, Managing Director. It is in line with the same the resolution mentioned in this item of the notice is proposed to be passed and is commended for your acceptance.

Shri Rahul J. Parekh, himself and Shri Jeetmal B. Parekh, Smt. Kamlaben J. Parekh, being relatives, are deemed to be concerned or interested in the proposed resolution.

**ITEM NO. 8**

Shri Rajendra R. Mehta was re-appointed as a Whole time Director of the Company w.e.f. 01-11-2004 for a term of five years. However, in view of his valuable services and increasing activities of the Company and also in view of future level of operations of the Company and increased responsibilities, the Board of Directors of the Company has decided to increase his remuneration. The revision in salary payable to him has been approved and recommended by the remuneration committee. The Board of Directors accordingly made a revision in the terms of his remuneration with effect from 1st August, 2006.

Pursuant to the provisions of section 198, 310, and Schedule XIII and other applicable provisions of the Companies Act, 1956. Your Directors hereby declare that Company has not made any default in repayment of any of its debts and interest thereon.

This may be treated as an abstract under section 302 of the Companies Act, 1956.

Approval of members is now sought to the above revision in remuneration payable to Shri Rajendra R. Mehta, Whole time Director. It is in line with the same the resolution mentioned in this item of the notice is proposed to be passed and is commended for your acceptance.

Shri Rajendra R. Mehta, himself is concerned or interested in the proposed resolution.

By order of the Board of Directors

For **MAHALAXMI RUBTECH LIMITED**  
(CHANDRESH B. PANDYA)  
(Company Secretary)

Place : Ahmedabad

Date : 29th August, 2006

**DIRECTORS' REPORT**

TO  
THE MEMBERS,

The Directors have pleasure in presenting herewith the Directors' Report, along with the Audited Balance Sheet and Profit & Loss Account for the year ended 31st March, 2006.

**FINANCIAL RESULTS :**

	2005-06 (Rs. in Lacs)	2004-05 (Rs. in Lacs)
Sales & Other Income	429.86	358.38
Profit before Depreciation	96.87	82.97
Less : Depreciation	23.16	21.31
Profit before Tax	73.71	61.66
Less: Provision for Taxation	20.40	4.85
Less : Provision for deferred Taxation	15.25	22.33
Profit after Tax	38.06	34.48

**OPERATION AND REVIEW :**

During the year under review your company has achieved turnover of Rs. 411.42 lacs as against Rs.340.21 lacs in the previous year. The export turnover is Rs. 127.26 lacs as against Rs.101.77 lacs in the previous year. During the year under review Company's Project of Textile Weaving Division named as "MAHEEKA TEXTTECH" has commenced the commercial activities. During the year turnover and profitability of the company has increased in comparison to earlier year. Your company is constantly trying to explore untapped overseas markets with a view to enter into new territories.

**DIRECTORS :**

Smt. Kamlaben J. Parekh liable to retire by rotation at the ensuing Annual General Meeting and being eligible offer herself 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 31.03.2006 and of the profit or loss of the Company for the year ended on 31.03.2006; (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 :**

Your 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 over the year and it is a continuous and ongoing process. 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 year gone by has been an eventful year and the Company's turnover at Rs. 411.42 Lacs, has recorded an increase of about 20.93% compared to the previous year. Meanwhile the net Profit for the year (before depreciation and tax) recorded increase of about 16.75% compared to the previous year. This is attributable to an increase in Domestic sales as well as a surge in Export sales. The profit before tax, after absorbing depreciation, for the year stands at Rs.73.71 lacs.

Your company has continued to put in all possible efforts to boost exports, during the year under review and the same have translated in enhanced earning of valuable foreign exchange from Export sales, which is to the tune of Rs. 127.26 lacs.

**B. Industry Structure and Development :**

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

During the year under review the Company has initiated and set up a Hydraulic Seal Division, where it is manufacturing and marketing value added Hydraulic Seals and spares to different manufacturers of Hydraulic Equipments.

The Company is now aggressively pursuing a policy of expansion and diversification. As a measure of backward integration of facilities for the associate group, the Company has already set up a Weaving Unit for manufacturing of Grey Fabrics. For further consolidation, the project for Weaving Preparatory, which includes Warping as well as Sizing Unit is also under way. During the year under review, Company's Project of Textile Weaving named as "MAHEEKA TEXTTECH" has started the commercial production by installing automatic second-hand imported Rapier Looms in a separate facility in the adjoining plot of land at Sanand. The Management further plans to increase the number of looms over a period of time for manufacturing of high value fabrics. This is a major capital expenditure programme in the textile segment of the Company, which is expected to result in enhancing sales and profitability in the years to come.

Presently the company is enjoying substantial market share of its products, i.e. Textile Printing Blanket in domestic market as well as an impressive presence in the overseas market. Unfortunately though, it needs to 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.** Our industry does face certain weaknesses and threats. Fierce competition in the global and domestic markets, rising raw material prices and fluctuations in the exchange rate can be perceived as some of the major threats. In order to overcome these constraints and meet these challenges by making the most of the growth opportunities, your Company has taken aggressive steps in the areas of new product development, product up-gradation, cost control, enhanced operating efficiencies and exhaustive 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 retaining of customers, highly competitive. To overcome a significant volatility in the market, 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 into attending major customer complaints/suggestions in order to improve customer satisfaction. Your Directors are pleased to inform that the above efforts have lead to considerable reduction of customer complaints. Your company has successfully launched products of better quality with 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 has obtained the ISO 9001:2000 Certification, Accredited by TUV South Asia Private Limited, covering all major criteria Development and Manufacturing of Rubber Products such as Textile Printing Blankets, Rubber Coated Fabrics, Precision Rubber Moulded Parts, Flexible Separators and Hydraulic Seals.



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 have pleasure to recommend Dividend at the rate of 5% (Rs. 0.50 per Share) on paid up Share Capital of the Company, amounting to Rs. 2069550.

**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 take this opportunity to thank Company's Suppliers, Customers, bankers for their continuous support to the Company. Your Directors also place on record their sincere appreciation for employees at all levels for their continuous contribution for growth and progress of the company

For and behalf of the Board  
**For, MAHALAXMI RUBTECH LIMITED.**

Sd/

**(JEETMAL BHOORCHAND PAREKH)**  
 Chairman

Place : Ahmedabad.

Date : 27th June, 2006

**ANNEXURE TO DIRECTORS' REPORT**

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. New investments in machines are being considered with an idea to have reduction of consumption of energy. The impact of the such measures are not precisely ascertainable. The total energy consumption and consumption per unit of production required in form 'A' is applicable for Textile segment only, hence to that extent information is given here under :

**FORM 'A'**  
**(For Textile Segment only)**

(a) Power and Fuel Consumption :	2005-2006
1 Electricity	
Units	7048
Amount Rs.	37000
2. Coal & Firewood.	
Tonnes	-----
Amount Rs.	-----

- (b) Consumption per unit of production : It is not possible to ascertain the same as company is having different process for different kind of production.

**(B) TECHNOLOGY ABSORPTION, ADOPTION & INNOVATION :**

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

**(C) FOREIGN EXCHANGE EARNINGS AND OUTGO :**

Foreign exchange earnings	Rs. 11842147
Foreign exchange outgo	Rs. 28198754

**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, 9 Board Meetings were held on 18.04.2005, 28.06.2005, 29.07.2005, 07.10.2005, 29.10.2005, 11.11.2005, 31.12.2005, 30-01-2006 and 28-03-2006. 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	No. of Board Meetings Attended	Whether Attended Last AGM 29.09.2005	No. of other Directorships	Committee Membership	
					Member	Chairman
Jeetmal B. Parekh	NED-P	8	YES	*5	2	1
Rahul J. Parekh	MD	8	YES	*5	1	1
Rajendra R. Mehta	ED	9	YES	*2	2	----
Kamlaben J. Parekh	NED	1	NO	*2	----	----
Nikhil K. Parikh	NED-I	9	YES	----	1	2
Nehal M. Shah	NED-I	9	NO	3	2	----

\* All Private Limited Company

NED -P - Non Executive Director(Promoter), 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 Nikhil K. Parikh & Shri 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 18.04.05, 25.06.05, 29.07.05, 29.10.05 and 30.01.2006 and the attendance of members at the meetings was as follows:

Name of Member	Status	No. of Meetings Attended
Nikhil K. Parikh	Chairman	5
Jeetmal B. Parekh	Member	4
Nehal M. Shah	Member	5

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 remuneration 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. Nehal M. Shah as members.

During the year under review, the committee met one time on 31st December 2005 where all members were present in the meeting.

The Details of Remuneration for the year: 2005-2006 paid to the Directors are as follows:

Remuneration for the year 2005-2006 to Mr. Rahul J. Parekh, Managing Director :-

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

Remuneration for the year 2005-2006 to Rajendra R. Mehta, Director (Finance) :-

i. Salary Rs.1,92,000/- (Rupees One Lac Ninety Two 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	63	Chairman	27.08.1993	-----	470600
Rahul J. Parekh	34	Managing Director	05.07.1995	Contractual	439800
Rajendra R. Mehta	43	Executive Director	25.09.1991	Contractual	NIL
Kamlaben J. Parekh	57	Director	10.03.2000	-----	396300
Nikhil K. Parikh	34	Director	31.03.2003	-----	NIL
Nehal M. Shah	34	Director	30.03.2005	-----	NIL

The contractual agreements with executives can be terminated by either party giving 1 month 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. CEO/CFQ CERTIFICATION :

The Managing Director and CFO have certified to the Board that :

- We have reviewed financial statements and the cash flow statement for the year ended 31-03-2006 and that to the best of our knowledge and belief :
  - These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
- We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- We have indicated to the auditors and the Audit Committee
  - Significant changes in internal control during the year.
  - Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements.
  - Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.