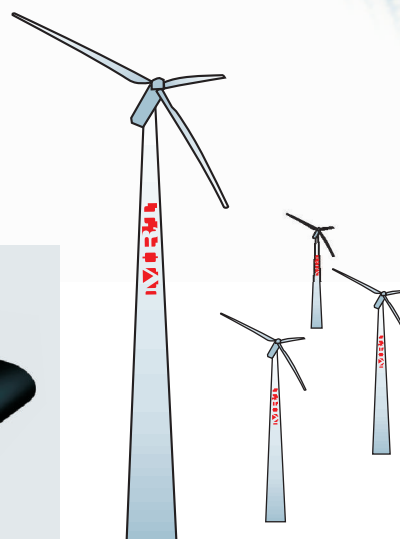
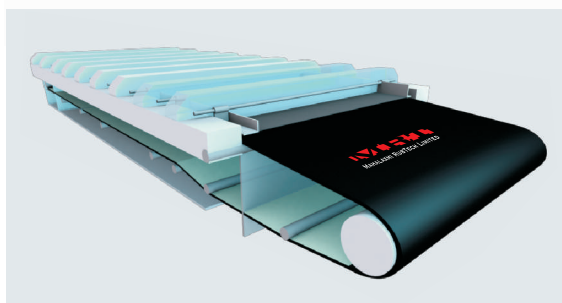


19th ANNUAL REPORT

2010

31st March



MAHALAXMI RUBTECH LIMITED



MAHALAXMI RUBTECH LIMITED

BOARD OF DIRECTORS

SHRI JEETMAL B. PAREKH
SHRI RAHUL J. PAREKH
SHRI ANAND J. PAREKH
SHRI NIKHIL K. PARIKH
SHRI MALAV J. AJMERA
SHRI NEHAL M. SHAH

GROUP PRESIDENT & CFO

SHRI RAJENDRA R. MEHTA

COMPLIANCE OFFICER

CHANDRESH B. PANDYA
(COMPANY SECRETARY)

STATUTORY AUDITORS

BHANWAR JAIN & CO.
CHARTERED ACCOUNTANTS
AHMEDABAD.

INTERNAL AUDITORS

D. TRIVEDI & ASSOCIATES
CHARTERED ACCOUNTANTS
AHMEDABAD.

BANKERS

BANK OF BARODA

REGISTERED OFFICE

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

CORPORATE OFFICE

507, CHANAKYA, NEAR DINESH HALL,
ASHRAM ROAD, AHMEDABAD-380 009

FACTORY

- UMA INDUSTRIAL ESTATE, PHASE III,
VASNA (IYAVA) SANAND, DIST: AHMEDABAD
- MAHALAXMI FABRIC MILLS
(A UNIT OF MAHALAXMI RUBTECH LTD.)
ISANPUR ROAD, NEAR NAROL CHAR RASTA,
NAROL, AHMEDABAD-382 405

REGISTRAR & TRANSFER AGENT

SHAREPRO SERVICES (INDIA) PVT.LTD.
416-420 4TH FLOOR, DEVNANDAN MALL, OPP. SANYASH ASHRAM,
ELLESBRIDGE, AHMEDABAD-380006
Email - sharepro@shareproservices.com

NOTICE TO MEMBERS

NOTICE is hereby given that the NINETEENTH ANNUAL GENERAL MEETING OF "MAHALAXMI RUBTECH LIMITED" will be held at "Lions Hall", Nr. Nalanda Hotel, Mithakhali Six Road, Ellisbridge, Ahmedabad- 380 006 on Wednesday, the September 29, 2010 at 12.30 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive consider and if approved, adopt the Audited Balance Sheet as at March 31, 2010 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 Shri Jeetmal B. Parekh, who retire by rotation and being eligible offers himself for reappointment.

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 OF THE COMPANY 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 27th DAY OF SEPTEMBER, 2010 TO WEDNESDAY THE 29th DAY OF SEPTEMBER, 2010 (BOTH DAYS INCLUSIVE)
3. The Board of Directors has recommend Dividend at the rate of 5% (Rs. 0.50 per Equity Share on the face value of Rs. 10/- each) on paid up Equity Share Capital of the company. The Dividend 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 :
 - 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 27, 2010.
 - 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 Sharepro Services (India) Pvt. Ltd., Registrar and Share Transfer Agent of the Company before September 27, 2010.
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, SHAREPRO SERVICES (INDIA) PVT. LTD., 416-420, 4TH FLOOR, DEVNANDAN MALL, OPP. SANYASH ASHRAM, ELLISBRIDGE, AHMEDABAD 380 006.

By order of the Board of Directors
For **Mahalaxmi Rubtech Limited**

Place: Ahmedabad
Date: August 18, 2010

S/d-
Chandresh Pandya
(Company Secretary)

DIRECTORS' REPORT

TO
THE MEMBERS,

Your 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, 2010.

FINANCIAL RESULTS:	For the year ended 31.03.2010 (Rs. in Lacs)	For the year ended 31.03.2009 (Rs. in Lacs)
Particulars		
Income from Operations & Other Income	9022.98	8284.51
Profit before Depreciation	987.38	583.57
Less: Depreciation	<u>344.15</u>	<u>276.68</u>
Profit before Tax	643.23	306.89
Less: Provision for Tax	109.00	35.00
Less: Provision for deferred Tax	<u>83.08</u>	<u>57.11</u>
Profit after Tax	451.15	214.78

OPERATION AND REVIEW:

The Company continued to see strong and profitable growth in the financial year 2009-10 driven by good performance in existing and new business.

The total income increased to Rs. 9022.98 lacs from Rs. 8284.51 lacs in the previous year, at a growth rate of 8.91%. Our Textile business aggregated Rs. 8222.88 lacs up by 7.32% from Rs. 7661.74 in the previous year. The profit before tax amounted to Rs. 643.23 lacs as against Rs. 306.89 lacs in the previous year. The net profit after tax was Rs. 451.15 lacs as against Rs. 214.78 lacs in the previous year.

DIVIDEND:

Considering the improved financial performance of the Company, your Directors are glad to recommend for approval of the members Dividend at the rate of 5% (Rs. 0.50 per Equity Share on the face value of Rs. 10/- each) (Last year 5%) on paid up Equity Share Capital of the company. The dividend on the Equity Shares, if declared as above, would involve cash outflow of Rs. 51,59,640/- (including tax on dividend).

DIRECTORS:

Shri Jeetmal B. Parekh, liable to retire by rotation at the ensuing Annual General Meeting and being eligible offers 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 31.03.2010 and of the profit of the Company for the year ended on 31.03.2010; (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 Exchange, 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 with the conditions of Corporate Governance is enclosed to this report.

MANAGEMENT DISCUSSION AND ANALYSIS:

The Management Discussion and Analysis Report as required under clause 49 of the Listing Agreement with the Stock Exchange has been attached and forms part of this Directors' Report.

AUDITORS:

M/s. Bhanwar Jain & Co., Chartered Accountants, Ahmedabad, Auditors of the company retires, and being eligible, offers themselves 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.

WARRANTS:

Company had issued 12,00,000 convertible warrants on 25.02.2008 on preferential basis. As per the terms of allotment the warrants were to be converted into equity shares of Rs. 10 each. The allottees did not exercise their right for conversion of said warrants into equity shares. Accordingly, the aforesaid warrants stand lapsed and application money forfeited.

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 express their gratitude for the continued support and guidance received by the Company from the customers, vendors, investors, bankers and employees at all levels. Our consistent growth was made possible by their hard work, solidarity, cooperation and support. We look forward for their continued support in the future.

For and behalf of the Board
For, **Mahalaxmi Rubtech Limited**

Sd/-
Jeetmal B. Parekh
(Chairman)

Place: Ahmedabad.
Date: **May 30, 2010**

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 impacts of such measures are not precisely ascertainable. The total energy consumption and consumption per unit of production required in form 'A' is given here under:

FORM 'A'		2009-10	2008-09
POWER AND FUEL CONSUMPTION			
(a) 1. Electricity			
A. Purchased:			
Units	8756589	10686179	
Amount Rs	4,92,72,772	5,51,70,066/-	
B. Own Generation:			
(i) Through Diesel			
Units	35000	9916	
Amount Rs	3,64,078/-	1,08,607/-	
(ii) Through Windmill			
Units	2437123	19303	
2. Fuel			
Waste Wood			
Tonnes	31582	22470	
Amount Rs.	7,99,99,355/-	5,93,73,768/-	
Coal & Lignite			
Tonnes	22721	27550	
Amount Rs.	5,82,22,471/-	7,68,98,842/-	

(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. 77253904
Foreign exchange outgo: Rs. 5958332

MANAGEMENT DISCUSSION AND ANALYSIS:

A. Business Overview

The Company's turnover at Rs. 8834.14 lacs has recorded an increase of about 8.39% compared to the previous year. Meanwhile the Net Profit for the year (before depreciation and tax) recorded increase of about 69.20% compared to the previous year. The profit before tax, after absorbing depreciation, for the year stands at Rs. 643.23 lacs.

Your company has continued to put in all possible efforts to boost exports, during the year under review achieved Export sales to the tune of Rs. 830.16 Lacs.

B. Industry Structure and Development:

Your Company operates mainly in two broad areas: Polymer Based Technical Textile Division and Traditional Textiles Division, whereas Textile Division is having two separate units for Weaving and Processing.

Polymer Based Technical Textile Division at MRT manufactures world class Textile Printing Blankets and range of other niche rubber products having a dedicated R & D wing for technical textiles. Being widely used on all types of textile screen printing machines, we are today one of the largest Textile Printing Blanket manufacturer in the country with a long track-record and excellence in quality in this industry. Since long time MRT has been exporting its products to more than 25 countries, with major countries of export being China, Pakistan, Brazil, Colombia, Thailand and Indonesia. The Company has been regularly participating in international exhibitions which enable us to keep abreast with the latest global trends.

In Rubber division your Company operates across multiple products and business in diverse markets and environment. These includes manufacturing of Polymer Coated Engineered Fabrics, which has diverse end-uses in products like defense equipment, safety & protective clothing, gaskets, diaphragms, bellows, expansion joints and many more and manufacturing of Air Cell, Hydraulic seals and spares which are supplied to transformer manufacturers and users of hydraulic equipments. Your company confirms to ASTM standards, Bureau of Indians standards, DIN standards, Federal Standards etc. and is an ISO 9001:2008 Company.

Your Company has plans to expand its ambit and scope of activities in the technical textile space. The diversification and expansion is planned with a special focus on manufacturing of Offset Printing Blankets (used in Sheet Fed and Web Fed printing machines), Coated and Laminated Textiles, and Polymer Coated Engineered Composites. Some of the emerging areas of technical textiles which the company plans to explore are in the field of Geotextiles, Healthcare, Safety & Protective Clothing, Industrial, Aerospace, Marine and Military sector.

In textile division your Company operates in two separate units i.e. "Maheeka Textech" a weaving unit and "Mahalaxmi Fabric Mills" a Processing unit. Maheeka Textech is a high-tech weaving unit which includes warping, sizing and world-class automatic rapier looms for weaving of various types of fabrics. Maheeka Textech also has facility of manufacturing specialty fabrics used for the technical textiles. Your Company has completed amalgamation of Mahalaxmi Fabric Mills Pvt. Ltd. in the year 2008-09 and the same has been absorbed as a separate unit in textile division. As a result of amalgamation, your Company has complete facility from warping, sizing, weaving, dyeing, bleaching, printing, processing and finishing of various types of fabrics such as cotton, polyester, Bottom-weight etc. Mahalaxmi Fabric Mills a processing unit is engaged in dyeing, bleaching, printing and processing of various types of fabrics and at the end of the chain its fabric range goes in to high quality Apparel and Home textiles catering to Domestic as well as Global Market.

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. The internal control is supplemented by an extensive programme of internal audits.

The Company has appointed D. Trivedi & Associates, Chartered Accountants as Internal Auditor to carry out concurrent internal audit. The scope of its internal audit programme is laid down by the Audit Committee of the Board of Directors. The Audit Committee is briefed on the findings by the internal auditors, every quarter, along with the remedial actions that have been recommended or have been taken by the management to plug systemic weaknesses.

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 9001:2008 Certification:

We wish to inform you that your company has obtained the ISO 9001:2008 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:

Certain statement in the "Management Discussion and Analysis" may be forward looking and are stated as required by applicable laws and regulations. Many factors affect the actual results, which could be different from what the Directors' envisage in terms of future performance and outlook. 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.

CORPORATE GOVERNANCE

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

1. Company's Philosophy on Code of Governance:

The Company adheres to good corporate practices and is constantly striving to better them. The 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 consists of six directors of whom one is Non-executive Chairman, two Managing Directors and three Non-Executive Directors (Independent).

During the year 6 Board Meetings were held on 08.05.2009, 27.06.2009, 30.07.2009, 31.10.2009, 05.12.2009 and 30.01.2010. The interval between any two meetings did not exceed 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 16.09.2009	No. of other Directorships	Committee	
					Membership **	Chairmanship **
Jeetmal B. Parekh	NED-P	6	YES	*4	----	----
Rahul J. Parekh	MD	6	YES	*6	1	----
Anand J. Parekh	JT. MD	6	YES	*3	2	----
Nikhil K. Parikh	NED-I	5	NO	NIL	1	----
Nehal M. Shah	NED-I	2	NO	10	----	1
Malav J. Ajmera	NED-I	5	YES	NIL	—	1

* All Private Limited Company

** As required by Clause 49 of the Listing Agreement, the disclosure includes memberships / chairmanships of audit committee and investors grievance committee in public limited companies.

NED - P - Non Executive Director (Promoter), MD - Managing Director, JT. MD Joint 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 Anand J. Parekh are Managing Directors, Shri Nikhil K. Parikh, Shri Nehal M. Shah & Shri Malav J. Ajmera 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 :

As on 31.03.2010 your Company's Audit Committee consisted of Shri Malav J. Ajmera Chairman of the Audit Committee, Shri Anand J. Parekh and Shri Nikhil K. Parikh. All members of the Audit Committee have Financial, Accounting and Management expertise. The Chairman of the Audit Committee has attended Annual General Meeting held on 16.09.2009.

During the year 4 committee meetings held on 25.06.09, 30.07.09, 31.10.09 and 30.01.2010 the attendance of members at the meetings were as follows:

Name of Member	Status	No. of Meetings Attended
Malav J. Ajmera	Chairman	4
Nikhil K. Parikh	Member	4
Anand J. Parekh	Member	4

During the year under review Shri Malav J. Ajmera has been appointed as Chairman of Audit Committee.

The Statutory Auditors and Internal Auditors are regularly invited by the Audit Committee to its meetings.

Two third members are non-executive and Independent Directors. The Chairman of the Committee is an Independent Director. 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 23.06.2009 where all members were present in the meeting.

Details of Remuneration for the year 2009-2010 paid to the Directors are as follows:

Remuneration for the year 2009-10 to Shri Rahul J. Parekh, Managing Director:-

- i. Basic Salary Rs.: 4,80,000/-, (Rupees Four Lacs Eighty Thousand only), Perquisites: 26,400/- (Rupees Twenty Six Thousand Four Hundred Only)

Remuneration for the year 2009-10 to Shri Anand J. Parekh, Jt. Managing Director:-

- i. Basic Salary Rs: 4,80,000/- (Rupees Four Lacs Eighty Thousand only), Perquisites: 26400/- (Rupees Twenty six thousand four hundred only)

The other information of Directors are as under:

Name	Age	Designation	Date of initial appointment	Nature of employment	Shares held
Jeetmal B. Parekh	67	Chairman	27.08.1993	-----	1002856
Rahul J. Parekh	38	Managing Director	05.07.1995	Contractual	891119
Anand J. Parekh	34	Jt. Managing Director	19.11.2008	Contractual	791122
Nikhil K. Parikh	38	Director	31.03.2003	-----	NIL
Nehal M. Shah	38	Director	30.03.2005	-----	NIL
Malav J. Ajmera	33	Director	19.11.2008	-----	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 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/CFO CERTIFICATION:

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

- (a) We have reviewed financial statements and the cash flow statement for the year ended 31-03-2010 and that to the best of our knowledge and belief :
 - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - ii) 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.