



## 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.



- (b) 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.
- (c) 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.
- (d) We have indicated to the auditors and the Audit Committee
  - i) Significant changes in internal control during the year.
  - ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements.
  - iii) 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.

**6. 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 comprise of Non-Executive director (independent), and two Executive Directors. The committee met Four times during the year on 24.06.2009, 07.10.2009, 25.11.2009 and 25.02.2010, all the members of committee attended the meeting.

**Members:**

- Shri Nehal M. Shah - Chairman
- Shri Rahul J. Parekh - Member
- Shri Anand J. Parekh - Member
- Shri Chandresh Pandya, Company Secretary is a Compliance Officer.

During the year company has received eleven 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.

**7. Share Transfer Committee:**

The board has delegated the power of approving transfer of shares to a committee of Three directors and one senior executive, committee met 20 times during the year and approved the transfer of shares lodged with the company and no transfer were pending as on 31-03-2010.

**8. General Body Meeting:**

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

Year	Location	Date	Time	No. of Special Resolutions passed
2008-2009	Lions Hall, Nr. Nalanda Hotel, Mithakhali Six Roads, Ellisbridge, Ahmedabad-380 006	16.09.2009	12.30 PM	1
2007-2008	Lions Hall, Nr. Nalanda Hotel, Mithakhali Six Roads, Ellisbridge, Ahmedabad-380 006	25.09.2008	1.00 PM	0
2006-2007	Lions Hall, Nr. Nalanda Hotel, Mithakhali Six Roads, Ellisbridge, Ahmedabad-380 006	28.09.2007	12.30 PM	0

**Postal Ballot:**

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



**9. Disclosures:**

- Details of related party transactions are furnished in Note No.12 of schedule No.19 Part B under Notes to Accounts. None of the transactions with any of the related parties were in conflict with the interest of the company.
- No strictures or penalties have been imposed on the company by the Stock Exchange or SEBI or any statutory authority on any matters related to capital market during the last three years.
- The Company has put in place a mechanism for employees to report to the Management, concerns about unethical behavior, actual or suspected fraud or violation of Company's Code of Conduct or Ethics Policy. The said policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the higher levels of supervisors including the Audit Committee.
- The Board has adopted Code of Conduct including a Business Ethics Policy for its Designated Persons. Designated Persons mean Directors and Officers in Management Cadre - functional heads and above.
- The Company has for the period ended March 31, 2010, received from all Designated Persons, a declaration of compliance with the code. A certificate from the Managing Director, to this effect forms part of this Report.
- The Company follows the Accounting Standards issued by the Institute of Chartered Accountants of India and in the preparation of the financial statements, the Company has not adopted a treatment different from that prescribed by any Accounting Standard.
- The Company has complied with all mandatory requirements of Clause 49 of the Listing Agreements with Stock Exchanges. The adoption of non-mandatory requirements has been dealt with further on in this Report.

**10. Means of Communication:**

The Company has published its first, second and third quarter result in Business Standard English Edition and Loksatta Jansatta Gujarati Edition and fourth quarter/Annual result in the Economic Times English and Gujarati edition.

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

Sr. No.	Name	Age	Occupation	Qualification	Expertise	Other Directorship	Other Committee Membership
1.	Jeetmal B. Parekh	67	Business	Graduate	Having vast experience as a Director in Management of Companies	4	1

**12. General Shareholder information**

Annual General meeting to be held on	:	29 <sup>th</sup> September, 2010 At 12.30 p.m.
Place of the meeting	:	Lions Hall, Nr. Nalanda Hotel, Mithakhali Six Road, Ellisbridge, Ahmedabad – 380 006
Financial Calendar	:	1 <sup>st</sup> April to 31 <sup>st</sup> March
<b>Financial Results</b>		
* First Quarter Results	:	By 14 <sup>th</sup> August
* Half Yearly Results	:	By 14 <sup>th</sup> November
* Third Quarter Results	:	By 14 <sup>th</sup> February
* Annual Results	:	With in 60 days.
Book Closure Date	:	From 27 September, 2010 to 29 September, 2010 (both days inclusive)
Dividend Payment date	:	on or after October 04, 2010
<b>Listing at Stock Exchanges:</b>		
<b>Name of Stock Exchange</b>	:	<b>Bombay Stock Exchange Limited</b>
Stock Code	:	514450
ISIN NO. (dematerialized Shares)	:	INE112D01019

The Company has already paid listing fees for the year 2009-10 to all the Stock Exchanges, where listed.



**Market Price Data:** (as per BSE)

Month	Highest Rate (Rs.)	Lowest Rate (Rs.)
April, 2009	24.95	14.60
May, 2009	36.00	17.10
June, 2009	36.85	26.15
July, 2009	39.85	24.70
August, 2009	83.85	32.55
September, 2009	86.85	66.15
October, 2009	80.45	65.80
November, 2009	86.60	57.00
December, 2009	84.10	60.10
January, 2010	85.90	66.40
February, 2010	81.00	65.05
March, 2010	101.00	67.00

**REGISTRAR AND TRANSFER AGENTS**

**Physical Mode:**

Sharepro Services (India) Pvt. Ltd.  
416-420, 4th.Floor, Devnandan Mall, Opp.Sanyash Ashram, Ellisbridge, AHMEDABD-380006  
Tel Nos.079 26582381 to 84 Fax No 079 26582385 Email [sharepro@shareproservices.com](mailto:sharepro@shareproservices.com)

**Depository Mode:**

1. For National Securities Depository Ltd. (NSDL)

Sharepro Services (India) Pvt. Ltd.  
416-420, 4<sup>th</sup> Floor, Devnandan Mall, Opp. Sanyash Ashram, Ellisbridge, AHMEDABD-380006  
Tel Nos.079 26582381 to 84 Fax No 079 26582385 Email [sharepro@shareproservices.com](mailto:sharepro@shareproservices.com)

2. For Central Depository Services (India) Ltd. (CDSL)

Sharepro Services (India) Pvt. Ltd.  
416-420, 4<sup>th</sup> Floor, Devnandan Mall, Opp. Sanyash Ashram, Ellisbridge, AHMEDABD-380006  
Tel Nos.079 26582381 to 84 Fax No 079 26582385 Email [sharepro@shareproservices.com](mailto:sharepro@shareproservices.com)

**Share Transfer System:**

The Company's Shares are traded in the Stock Exchanges compulsorily in demat mode. Share in physical mode which are lodged for transfer are processed and subject to exercise of option under compulsory transfer-cum-demat procedures, Share Certificates are either dematted or returned within the time prescribed by the authorities.

The Shareholders/Investors are requested to send share transfer related documents directly to our RTA whose address is given at the beginning of this section.

**Distribution of Share holding: (as on 31<sup>st</sup> March 2010)**

No. of Shares	Shareholders		No. of Share held	
	Number	Total in %	Numbers	Total in %
1 - 500	2811	83.49	405348	4.60
501 - 1000	185	5.49	146836	1.66
1001 - 2000	123	3.65	190318	2.16
2001 - 3000	68	2.02	180869	2.05
3001 - 4000	37	1.10	129595	1.47
4001 - 5000	24	0.71	110642	1.25
5001 - 10000	33	0.98	246316	2.79
10001 - AND ABOVE	86	2.55	7410351	84.01
<b>Total</b>	<b>3367</b>	<b>100</b>	<b>8820275</b>	<b>100</b>



**Shareholding Pattern: (As on 31<sup>st</sup> March, 2010)**

Category	No. of Shares held	% to the Shareholding
Promoters & Associates	6241469	70.76
Bodies Corporate	921035	10.44
Non Resident Indians	23507	0.27
Banks & Mutual Funds	8875	0.10
Public	1625389	18.43
<b>Total</b>	<b>8820275</b>	<b>100</b>

**Dematerialisation of Share and liquidity:**

The trading of Equity shares of the Company in all category is Compulsory in demat mode with effect from 23.03.2001. As on 31<sup>st</sup> March, 2010, 50.21% Shares have been dematerialized

Outstanding GDRs / ADRs / Warrants or any Convertible Instruments, : NIL  
Conversion date and likely impact on equity

Shareholders who have not yet encashed their dividend warrants for the year 2005-06, 2006-07, 2007-08 and 2008-09 may approach the Company for revalidation / issue of duplicate dividend warrant

**PLANT LOCATION:**

**Factory:**

(1) Uma Industrial Estate Phase III, Village Vasana (Iyava), Tal. Sanand, Dist. Ahmedabad,  
Tel: 02717-284309 - 10 Fax: 02717-284152

**(2) Mahalaxmi Fabric Mills**

(A Unit of Mahalaxmi Rubtech Ltd.) Isanpur Road, Nr. Narol Char Rasta, Narol,  
Ahmedabad 382 405. Tel: 079-25731831 - 34 Fax: 079-25731814

**ADDRESS FOR CORRESPONDENCE:**

**Registered Office:**

47, New Cloth Market, Ahmedabad-380 002.

**Corporate office:**

507, Chanakya, Near Dinesh Hall, Ashram Road,  
Ahmedabad-380 009.

Tel: 079-26575616, 079-26582552 Fax: 079-26583552

**Declaration by the Managing Director under Clause 49 of the Listing Agreement Regarding Compliance with the Code of Conduct**

In accordance with Clause 49 I (D) of the Listing Agreement with the Stock Exchanges, I hereby confirm that, all Designated Persons of the Company have affirmed compliance with the Code of Conduct, as applicable to them, for the period ended 31<sup>st</sup> March, 2010.

For the purpose of this declaration, Designated Persons mean Directors and Officers in Management Cadre and above.

Place: Adhmedabad  
Date: April 15, 2010

**On behalf of the Board of Directors,**

**Managing Director**

**COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT.**

To the Members of Mahalaxmi Rubtech Limited

We have examined the compliance of conditions of Corporate Governance by Mahalaxmi Rubtech Limited, for the year ended March 31, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representation made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned listing Agreement.

We state that in respect of investor grievances received during the year ended March 31, 2010, no investor grievances are pending against the Company as per records maintained by the Company and presented to the Shareholders/ Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For BHANWAR JAIN & CO.**  
Chartered Accountants.

Sd/-

**(B. M. Jain)**  
Partner  
Ahmedabad: May, 30, 2010.