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MM RUBBER COMPANY LIMITED

M.M.RUBBER COMPANY LIMITED

Regd. Office : 748 Anna Salai, Chennai - 600 002.

Tel : 8523501.

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Thirtyfourth Annual General Meeting of the Shareholders of M.M. RUBBER COMPANY LIMITED will be held on TUESDAY the 28th MARCH 2000 at 11.00 a.m. at Swami Sankaradas Auditorium, 153, Habibullah Road, T. Nagar, Chennai 600 017 to transact the following business:

- 1) To receive and adopt the Directors' Report, Auditors' Report and the audited statements of account for the financial year ended 30th September 1999.
- 2) To appoint a Director in place of Mr. Mammen Mathew who retires by rotation and being eligible, offers himself for re-election.
- 3) To appoint a Director in place of Mr. Ashok Kuriyan who retires by rotation and being eligible, offers himself for re-election.
- 4) To appoint Auditors for the current year and fix their remuneration. The retiring Auditors, Messrs Kuruvilla and Kuruvilla. Chartered Accountants, are eligible for reappointment.

By Order of the Board

Place : Chennai-600 002

Date : 21.2.2000

MAMMEN PHILIP
MANAGING DIRECTOR

NOTES:

- 1) A member entitled to attend and vote is entitled to appoint a proxy and vote instead of himself and the proxy need not be a member. A form of Proxy is attached.
- 2) The Register of Members will remain closed from Friday the 24th March 2000 to Tuesday the 28th March 2000 (both days inclusive)



M.M. RUBBER COMPANY LIMITED

BOARD OF DIRECTORS

K.M. PHILIP
(Chairman)

MAMMEN PHILIP
(Managing Director)

MAMMEN MATHEW

K.O. MAMMEN

MAMMEN VARGHESE

ASHOK KURIYAN

KARUN PHILIP

ROY MAMMEN

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BANKERS
INDIAN OVERSEAS BANK

AUDITORS
KURUVILLA & KURUVILLA

REGISTERED OFFICE
748, ANNA SALAI, CHENNAI - 600 002.



REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

Your Directors hereby present the Thirtyfourth Annual Report together with the audited statements of account for the financial year ended 30th September 1999.

WORKING OF THE COMPANY

The working of the Company for the year ended 30th September 1999 as compared to the previous year was as follows :

	Current year ended 30.9.99	Previous period ended 30.9.98 (18 months)
	(Rupees in lakhs)	
Profit / Loss before Interest and Depreciation	(-) 42.55	(+) 319.39
Interest	135.67	208.25
Depreciation	67.70	102.19
Profit / Loss	(-) 245.92	(+) 8.95

The company passed through a period of severe financial strain necessitating drastic measures such as curtailing of production to reduce inventories and tightening credit policy to reduce receivables. Both these measures yielded results, but at the cost of profits. During the year the company also focussed on reduction of overheads. The effect of these actions is expected to bring long-term benefits to the Company.

The BOPP Division continues to be a major source of concern with market prices of BOPP films falling to unprofitable levels even as raw material prices saw increases.

DIVIDEND

In view of the loss for the year no dividend is recommended for the year ended 30th September 1999.

ACCOUNTS

After charging Interest of Rs. 135.67 lakhs and Depreciation of Rs. 67.70 lakhs, the Company's working has ended in a loss of Rs.245.92 lakhs for the year ended 30th September 1999. After providing Rs.1.00 Lakh towards Income Tax on Book Profits of 31.3.1999 and taking into account an amount of Rs.24.39 lakhs brought forward from the previous year, the balance loss of Rs.222.53 lakhs has been carried over to the Balance Sheet.

DIRECTORS

Mr. Mammen Mathew and Mr. Ashok Kuriyan retire by rotation at the Annual General Meeting and are eligible for re-election. Mr. Humayun Dhanrajgir has resigned from the Board with effect from 7.12.99 and the Board places on record its appreciation for the valuable contribution rendered by him.

FIXED DEPOSITS

At the close of the year, fixed deposits amounting to Rs.1.40 lakhs though matured, remained unclaimed. Out of this, fixed deposits aggregating Rs.0.75 lacs have been repaid/renewed subsequently.

PARTICULARS OF EMPLOYEES

There was no employee whose remuneration during the year attracted the provisions of Section 217(2A) of the Companies Act 1956 read with the Companies (Particulars of Employees) Rules 1975.

AUDITORS

The Auditors, Messrs Kuruvilla & Kuruvilla, Chartered Accountants, retire and are eligible for re-appointment.

SUBSIDIARY

In compliance with the provisions of Section 212 of the Companies Act, 1956, the Audited Statements of Account of a subsidiary company of your company together with the Reports of the Auditors and Directors and also the Statement under the said section are attached alongwith the Balance Sheet of the company.

R & D EFFORTS & TECHNOLOGY ABSORPTION

Details of R & D Efforts and Technology Absorption are given in Form 'B' hereunder.

FORM B

RESEARCH & DEVELOPMENT (R & D)

1. Specific areas in which R & D carried out by the company

The Company has an in-house R & D Department where state-of-the art technology has been developed in the printing of BOPP Film.

The Company also has an ongoing programme on latex technology development and its related application to various products.

2. Benefits derived as a result of the above R & D

The introduction of multicolour printed BOPP film has added value to its products in the current year.

The company also possesses in house developed technology on the manufacture of Latex Gloves which can be used without application of starch or minerals which sometimes cause allergies to the user.

3. Future plan of action

The company's policy is to further develop the printing technology of BOPP films at its BOPP Factory.

4. Expenditure on R & D

Expenditure on in-house Research & Development has been shown under respective heads of expenditure in the Profit & Loss Account.

5. Technology Absorption, Adaptation and Innovation

The latest technology has been/is being adopted in various plants for improving productivity and product quality and reducing consumption of raw materials and fuels.

FOREIGN EXCHANGE EARNINGS AND OUTGO

Statutory particulars with regard to foreign exchange earnings and outgo appear in the Notes pertaining to the accounts.

APPRECIATION

Your Directors place on record their appreciation of the valuable contribution of the Company's bankers. The Directors also take the opportunity to thank the customers, dealers and all employees for their continued co-operation.

By Order of the Board

MAMMEN PHILIP
MANAGING DIRECTOR

Place: CHENNAI
Date: 8.2.2000

Note: The Directors at their Meeting held on 8.2.2000 have authorised Mr. Mammen Philip, Managing Director and Chairman of the said Meeting to sign this report on their behalf.



AUDITORS' REPORT

To the Shareholders of M.M. Rubber Company Limited, Chennai on the Balance Sheet as at 30th September 1999 and the Profit and Loss Account for the year ended on that date.

We have audited the annexed Balance Sheet of M.M.Rubber Company Limited, Chennai, as at 30th September 1999 and the relative Profit and Loss Account for the year ended on that date, and report that :

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
2. In our opinion, proper Books of Account as required by Law have been kept by the Company so far as appears from our examination of those books.
3. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
4. In our opinion, the Profit and Loss Account and Balance Sheet comply with the accounting standards as applicable to the company referred to in the Sub-Section (3C) of Section 211 Companies Act, 1956.
5. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and also give a true and fair view:
 - (a) In the case of the Balance Sheet of the state of affairs of the Company as at 30th September 1999 and
 - (b) In the case of the Profit and Loss Account, of the Loss for the year ended on that date.
6. As required by the Manufacturing and other Companies (Auditors' Report) Order 1988 issued by the Company Law Board in terms of section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Orders.

Place : Chennai
Date : 8th February 2000

For KURUVILLA & KURUVILLA
Chartered Accountants
C. SURESH KUMAR
Partner

ANNEXURE TO THE AUDITORS' REPORT

- (i) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the management at reasonable intervals. The discrepancies noticed on such verification are not material and have been properly dealt with in the books of accounts. The inventories produced to us do not however indicate the cost of individual items in the case of furniture and fittings, moulds, office equipments, laboratory equipments, tools, implements and electrical fittings acquired prior to the Companies (Auditors' Report) Order 1975.
- (ii) The Fixed Assets of the company have not been revalued during the year.
- (iii) The stock of finished goods, stores, spare parts and raw materials have been physically verified by the Management at reasonable intervals during the year.
- (iv) In our opinion, the procedures of physical verification of the stocks followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (v) In our opinion, the discrepancies noticed on physical verification of the stocks, as compared to book records are not material and have been properly dealt with in the books of account.

- (vi) In our opinion and on the basis of our examination the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceeding year.
- (vii) In our opinion, the rate of interest and the terms and conditions on which loans have been obtained from Companies, firms and other parties listed in the register maintained under Section 301 of the Companies Act, 1956 in which the Directors are interested, are not-prima facie prejudicial to the interests of the Company. We are informed that there are no companies under the same management.
- (viii) The company has granted loans to its subsidiary companies, which are exempt under section 370 of the Companies Act 1956.
- (ix) In respect of interest-free loans and advances in the nature of loans given by the Company, the parties are generally repaying the principal amounts as stipulated.
- (x) In our opinion, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores, raw materials including components, plant and machinery, equipments and other assets and for the sale of goods.
- (xi) According to the information and explanations given to us, the transactions of purchase and sale of goods and materials made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956, aggregating during the period to Rs 50,000/- or more in respect of each party, have been made at prices which are reasonable having regard to prevailing market prices for such goods and materials or the prices at which transactions for similar goods have been made with other parties.
- (xii) The Company has a regular procedure for determining the unserviceable or damaged stores, raw materials and finished goods and necessary adjustments for the loss have been made in the accounts.
- (xiii) In our opinion, the Company has complied with the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
- (xiv) In our opinion, reasonable records have been maintained by the Company for the sale and disposal of realisable scraps. The Company has no bye-products.
- (xv) In our opinion, the Company has an adequate internal audit system which has to be made commensurate with the size and nature of its business.
- (xvi) We are informed that the Central Government has not prescribed maintenance of cost records for the Company's products under Section 209(1) (d) of the Companies Act, 1956.
- (xvii) The Company is regular in depositing Provident Fund dues and the Employees' State Insurance dues with the appropriate authorities except ESI payment of Kanpur and Ernakulam locations which has been belatedly remitted.
- (xviii) According to the information and explanations given to us, there are no undisputed amounts payable in respect of income-tax, wealth tax, sales tax, customs duty and excise duty which have remained outstanding as at 30th September, 1999 for period of more than six months from the date they became payable.
- (xix) According to the information and explanations given to us and the records of the Company examined by us, no personal expenses have been charged to revenue account.
- (xx) The Company is not a Sick Industrial Company within the meaning of Section 3(1)(0) of the Sick Industrial Companies (Special Provisions) Act, 1985.

Place : Chennai
Date : 8th February 2000

For KURUVILLA & KURUVILLA
Chartered Accountants
C. SURESH KUMAR
Partner



M.M.RUBBER COMPANY LIMITED

BALANCE SHEET AS AT 30TH SEPTEMBER, 1999.

(Rupees in Lakhs)

	Schedules	Rs.	Rs.	Rs.	Previous Period Rs.
SOURCES OF FUNDS:					
Shareholders' Funds :					
Share Capital	1	498.06		498.06	
Reserves & Surplus	2	<u>216.36</u>		<u>240.75</u>	
			714.42		738.81
Loan Funds :					
Secured Loans	3	664.45		710.52	
Unsecured Loans	4	<u>77.15</u>		<u>80.74</u>	
			741.60		791.26
			<u>1456.02</u>		<u>1530.07</u>
APPLICATION OF FUNDS :					
Fixed Assets :					
Gross Block		1071.78		1053.63	
Less : Depreciation		<u>570.39</u>		<u>509.36</u>	
Net Block	5		501.39		544.27
Investments	6		14.06		14.06
Current Assets, Loans and Advances :					
Accrued Interest		0.50		0.50	
Inventories	7	517.31		688.32	
Sundry Debtors	8	480.73		588.68	
Cash & Bank Balances	9	87.49		107.36	
Loans & Advances	10	<u>100.18</u>		<u>155.95</u>	
		1186.21		1540.81	
Less :					
Current Liabilities & Provisions :					
Current Liabilities	11	472.83		576.57	
Provisions	12	<u>2.49</u>		<u>1.49</u>	
		475.32		578.06	
Net Current Assets			710.89		962.75
Miscellaneous Expenditure (To the extent not written off or adjusted)					
Preliminary Expenses			7.15		8.99
Profit & Loss Account			222.53		—
			<u>1456.02</u>		<u>1530.07</u>

Schedules referred to and the accompanying Notes form an integral part of this Balance Sheet.

MAMMEN PHILIP
Managing DirectorMAMMEN VARGHESE
DirectorVide our report of even date
For KURUVILLA & KURUVILLA
Chartered Accountants
C. SURESH KUMAR
PartnerASHOK KURIYAN
DirectorPlace : Chennai
Date : 8th February 2000

Chennai, Dated 8th February, 2000