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FOAM**

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**36th
ANNUAL REPORT
2001-2002**

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MM RUBBER COMPANY LIMITED

M.M. RUBBER COMPANY LIMITED

BOARD OF DIRECTORS

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.

M.M. RUBBER COMPANY LIMITED

Regd. Office : 748, Anna Salai, Chennai-600 002
Tel: 8523501

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Thirtysixth Annual General Meeting of the Shareholders of M.M. Rubber Company Limited will be held at 11.00 a.m. on Monday, the 30th September 2002 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 31st March 2002. ✓
2. To appoint a Director in place of Mr. Mammen Varghese who retires by rotation and being eligible offers himself for re-election.
3. To appoint a Director in place of Dr. K.O. Mammen 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 & Kuruvilla, Chartered Accountants, are eligible for re-appointment.

By Order of the Board

Place : Chennai
Date : 25.8.2002

(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.
- (2) The Register of Members will remain closed from Friday, the 27th September 2002 to Monday, the 30th September 2002 (both days inclusive)

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REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

Your Directors hereby present the Thirtysixth Annual Report together with the audited statements of account for the financial year ended 31st March 2002.

WORKING OF THE COMPANY:

The working of the Company for the year ended 31st March 2002 as compared to the previous year was as follows :

	Current Year Ended 31.3.2002 (12 Months)	Previous Period Ended 31.3.2001 (18 Months)
	(Rupees in Lakhs)	
Profit/Loss before Interest & Depreciation	(+) 19.92	(-) 39.10
Interest	99.44	177.52
Depreciation	53.55	104.70
Loss	(-) 133.07	(-) 321.32

The working of the Company continues to be under severe strain. In the BOPP factory the production has been suspended and the Foam factory is working at low levels of production due to demand constraints and financial problems. The Directors hope that the revival of the economy may increase the demand for its products. Meanwhile, all efforts to minimize costs are being undertaken.

DIVIDEND

In view of the loss for the year, no dividend is recommended for the financial year ended 31st March 2002.

ACCOUNTS

Before charging Interest and Depreciation the Company had a Profit of Rs.19.92 lakhs. After charging Interest of Rs.99.44 lakhs and Depreciation of Rs.53.55 lakhs, the Company's working has resulted in a loss of Rs.133.07 lakhs for the year ended 31st March 2002. After taking into account the carry forward loss of Rs.353.85 lakhs from the previous year, the total loss of Rs.486.92 lakhs has been carried over to the Balance Sheet.

During the year the amount to be paid to the Gratuity Trust was Rs.59.75 lakhs on actuarial valuation as on 31.3.2002. In view of severe paucity of funds, the company could pay only Rs.15.95 lakhs to settle all gratuity claims. All claims received during the year were settled promptly. The employee strength of the Company which was 352 as on 31.3.2001 reduced to 285 as on 31.3.2002. There were no gratuity claims pending settlement as on 31.3.2002.

The Company has unabsorbed depreciation and carry forward business loss to be set off against future taxable income and hence the Company could not determine Deferred Asset/Liability as no convincing evidence is available regarding taxable income in the near future.

As the accumulated losses have eroded more than 50% of the peak net worth of the Company during the immediately preceding four financial years, your Directors are taking necessary steps to comply with Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985.

DIRECTORS

Mr. Mammen Varghese and Dr. K.O. Mammen retire by rotation at the Annual General Meeting and are eligible for re-election.

FIXED DEPOSITS

At the close of the year, fixed deposits amounting to Rs.1.92 lakhs though matured, remained unclaimed. Out of this, fixed deposits aggregating Rs.1.45 lakhs have been repaid subsequently. The Company has not



invited deposits for acceptance / renewal after the date of the last Annual General Meeting held on 27.9.2001 and deposits maturing after this date have been repaid.

PARTICULARS OF EMPLOYEES

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

AUDITORS / AUDITORS' REPORT

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

The observations made in Clause (iv) of the Auditors' Report regarding actuarial valuation for gratuity has been dealt with in detail in Note No. 1-E of the Notes on Accounts, which is self-explanatory.

R&D EFFORTS AND TECHNICAL ABSORPTION

Details of R & D Efforts and Technology Absorption are given in Form "B" hereunder:

FORM "B"

RESEARCH AND DEVELOPMENT (R&D):

1) Specific areas in which R&D carried out by the Company:

The Company continues to have 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 Company is almost ready in bringing out fire retardant foam rubber and two new varieties of mattresses.

3) Future Plan of Action

We plan to introduce more varieties of Pillows & Cushions.

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 is being adopted in the factory for improving productivity and product quality and reducing consumption of raw materials and fuel.

6) Foreign Exchange Earnings and Outgo

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

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2A) of the Companies Act, 1956, the Directors confirm the following in respect of the audited accounts for the year ended 31st March 2002.

- (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 except in respect of gratuity stated in Note No.1-E of Notes on Accounts attached to the Balance Sheet and

made judgement and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year i.e. 31st March 2002 and the Profit and Loss account of the Company for that year;

- (iii) that the Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) that the Directors have prepared the annual accounts on a going concern basis.

APPRECIATION

Your Directors place on record their appreciation of the valuable contribution of the Company's bankers for supporting the Company substantially during a period of severe problems faced by them. The Directors also take the opportunity to thank the customers, dealers and all employees for their continued co-operation.

By Order of the Board

Place : Chennai
Date : 16.8.2002

MAMMEN PHILIP
Managing Director

MAMMEN VARGHESE
Director

ROY MAMMEN
Director

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AUDITORS' REPORT

To the Shareholders of M.M. Rubber Company Limited, Chennai, on the Balance Sheet as at 31st March 2002 and the Profit and Loss Account for the year ended on that date

We have audited the attached Balance Sheet of M.M. Rubber Company Limited as at 31st March 2002 and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in Paragraphs 4 and 5 of the said Order.

Further to our comments in the annexure referred to above, we report that:

- (i) 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.
- (ii) 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 and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
- (iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account and with the audited returns from the branches.
- (iv) *In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956, except in the case of AS15 relating to actuarial valuation for gratuity (Refer Note No. 1-E)*
- (v) On the basis of written representations received from the Directors as on 31st March 2002 and taken on record by the Board of Directors, we report that none of the Directors, is disqualified as on 31st March 2002 from being appointed as a director in terms of Clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) In the case of the Balance Sheet of the state of affairs of the Company as at 31st March 2002, and
 - (b) In the case of the Profit and Loss Account, of the loss for the year ended on that date.

Place: Chennai
Date : 16.08.2002

For KURUVILLA & KURUVILLA
Chartered Accountants
K. RAMACHANDRAN
Partner

ANNEXURE TO 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 Accounting Standard (AS-2).
- 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) 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.
- ix) 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 sale of goods.
- x) 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.50000/- 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.
- xi) The Company has a regular procedure for determining the unserviceable or damaged stores, raw materials and finished goods and necessary adjustment for the loss have been made in the accounts.
- xii) 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.
- xiii) 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.
- xiv) In our opinion, the Company has an internal audit system which has to be made commensurate with the size and nature of its business.