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**M.M. RUBBER COMPANY LIMITED**

**43rd ANNUAL REPORT 2008-09**

## **M.M. RUBBER COMPANY LIMITED**

### **BOARD OF DIRECTORS**

**MAMMEN PHILIP**

**ASHOK KURIYAN**

**ROY MAMMEN** - Managing Director

**KARUN PHILIP**

**JACOB MAMMEN**

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### **REGISTRARS & SHARE TRANSFER AGENTS**

CAMEO CORPORATE SERVICES LTD.  
Subramaniam Buildings,  
No.1, Club House Road,  
Chennai - 600 002.  
Phone : 28460390

**BANKERS**  
INDIAN OVERSEAS BANK

**AUDITORS**  
S R MANDRE & CO

**REGISTERED OFFICE**  
44, SIPCOT INDUSTRIAL ESTATE,  
RANIPET - 632 403

**M. M. RUBBER COMPANY LIMITED**

No.44, SIPCOT Industrial Estate, Ranipet-632 403

**NOTICE TO SHAREHOLDERS**

NOTICE is hereby given that the Forty Third Annual General Meeting of the members of MM Rubber Co. Ltd., will be held on Wednesday the 16<sup>th</sup> September 2009 at 11 A.M. at

Hotel Emerald Inn, Opp. TCL, SIPCOT  
Ranipet 632 403. Vellore District

To transact the following;

**A. ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March 2009 and the Profit & Loss Account for the year ended that date and the report of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Karun Philip who retires by rotation and is eligible for re-appointment.
3. To appoint Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

**B. SPECIAL BUSINESS**

To consider and if thought fit to pass with or without modification, the following as Special Resolution.

"RESOLVED that the Board of Directors of the Company be and is hereby authorized to take such steps as may be required to have the Company's Shares de-listed from such of the Exchanges as they decide"

BY ORDER OF THE BOARD  
For M.M.RUBBER CO. LTD.,

PLACE: BANGALORE  
DATE: 14.7.2009

ROY MAMMEN  
MANAGING DIRECTOR

**Notes:**

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on a poll to vote instead of himself and the proxy need not be a member of the company
2. An instrument appointing a proxy must be sent so as to reach the registered office of the company not later than 48 hours before the time fixed for the commencement of the meeting.
3. The register of members and the share transfer books will remain closed from 15.9.2009 to 17.9.2009 both days inclusive.
4. Members are requested to notify immediately any change in their address to the registered office of the company
5. Members or proxies should bring their attendance slip duly filled in for attending the meeting. Members are requested to bring their copy of Annual Report to the meeting.

**EXPLANATORY STATEMENT UNDER SECTION 17(2) OF THE COMPANIES ACT REGARDING ITEM NO. B**

Presently, the company's shares are listed at National, Bombay, Chennai and Bangalore Stock Exchanges Ltd., In view of continuous losses in the past the company had not declared dividend for several years and this has an adverse effect on the trading of its shares in the Exchanges. In fact in most of the Exchanges, the company's shares are not traded for several months. In view of this it was proposed by the Board of Directors that the Company's share be de-listed from some of the Exchanges. Hence the proposed resolution.

None of the Directors is interested in the above resolution.

BY ORDER OF THE BOARD  
For M.M.RUBBER CO. LTD.,

PLACE: BANGALORE  
DATE: 14.7.2009

ROY MAMMEN  
MANAGING DIRECTOR

**REPORT OF THE DIRECTORS TO THE SHAREHOLDERS****Ladies & Gentlemen,**

Your Directors have pleasure to present their report on the audited accounts for the year ended 31<sup>st</sup> March 2009.

At the outset your Directors are happy to inform you that in spite of recession which has affected all the Sector globally your Company was able to resist such recessionary trend and in fact was able to marginally improve its turnover.

**WORKING OF THE COMPANY**

During the year under review the turnover of the company went up marginally by 10% as compared to the previous year and the increase in turnover and reduction in cost were responsible for the higher profit.

**FINANCIAL RESULTS**

The financial results of the company are as under:

Rupees in lakhs

Particulars	Current Year ended 31.3.2009		Previous Period ended 31.3.2008	
Profit or Loss before depreciation, interest and extra-ordinary items		105.06		76.09
Less: Depreciation	11.21		10.34	
Interest	9.14		8.56	
		20.35		18.90
Profit or Loss after depreciation & Interest		84.71		57.19
Less: Short provision of bonus of earlier written off		1.00		Nil
		83.71		57.19
Less: FBT Paid		2.10		1.96
		81.61		55.23
Less: Provision for MAT		8.00		Nil
		73.61		55.23
Less: Loss written back consequent on reduction in capital		Nil		36.97
		73.61		18.26
Add: Balance Brought Forward from previous year		18.26		Nil
Surplus Carried over to Balance Sheet		91.85		18.26

**PROSPECTS FOR THE CURRENT YEAR**

In spite of recessionary trend your Directors are confident of maintaining and improving the turnover and prune the cost in order to maintain or improve the profitability of the company in the coming years.

**DIVIDEND**

As the Company is in the process of fiscal consolidation and yet to come out of BIFR, your Directors are not recommending any dividend for the year.

**DIRECTORS**

Dr. Karun Philip retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

**FIXED DEPOSITS**

At the close of the year, Fixed Deposits amounting to Rs.17,000/- though matured remained unclaimed.

**PARTICULARS OF EMPLOYEES**

There were no employees 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**

M/s.S.R.Mandre & Co., Chartered Accountants, Bangalore who retires are eligible for re-appointment.

**R & D EFFORTS AND TECHNICAL ABSORPTION**

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

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

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

**2. Future Plan of Action**

The company is planning to expand its production capacity in order to take advantage of increase in demand of natural rubber and home products.

**3. Expenditure on R & D**

Expenditure in-house research and development has been shown under respective heads of expenditure in the Profit & Loss Account.

**4. 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. In this connection, use of pre-vulcanized latex is being explored.

**5. Foreign Exchange Earnings and Outgo**

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

**DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, the Directors confirm the following in respect of the audited accounts for the year ended 31<sup>st</sup> March 2009 on the Directors Responsibility Statement, it is hereby confirmed:

- a) That in the preparation of accounts for the financial year ended 31<sup>st</sup> March 2009, the applicable accounting standards have been followed, along with proper explanation relating to material departures.
- b) That the Directors have selected the accounting policies and applied them consistently and made judgements 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 year under review and of the Profit of the Company, for the year under review.
- c) 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.
- d) That the Directors have prepared the annual accounts for the year ended 31<sup>st</sup> March 2009 on a "going concern" basis.

**APPRECIATION**

The 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  
For M.M.RUBBER CO. LTD.,

PLACE: BANGALORE  
DATE: 14.07.2009

ASHOK KURIYAN  
Director

ROY MAMMEN  
Managing Director

**NOTE:** The Directors at their meeting held on 14.7.2009 have authorized Mr. Ashok Kuriyan and Mr. Roy Mammen, Directors to sign this report on their behalf

**ADDENDUM REGARDING QUALIFICATION IN AUDITORS REPORT**

The Auditors in their report have qualified the following:

1. Non provision in the account of retirement benefit
2. Non ascertainment of impairment of assets

Your Directors wish to clarify as under:

- a) The company is in the process of ascertaining the actuarial liability for gratuity and leave encashment. Pending such ascertainment the company is meeting the gratuity and encashment of leave liabilities as and when it arises in the individual cases and there are no unpaid liabilities on this account.
- b) The Company had closed its BOPP Division and Glove Division in the earlier years and most of the fixed assets pertaining to those divisions have been disposed off in those years. The Company carries in its books the assets relating to production of foam products. Pending ascertainment of realizable value or useful economic life of those assets, it has not been possible to quantify or provide for in the books towards loss on impairment of assets, if any, and hence not provided.

By ORDER OF THE BOARD  
FOR M.M.RUBBER CO. LTD.,

PLACE: BANGALORE  
DATE: 14.07.2009

ASHOK KURIYAN  
Director

ROY MAMMEN  
Managing Director

**AUDITORS' REPORT TO THE SHAREHOLDERS OF M M RUBBER COMPANY LIMITED, CEHNNAI, ON THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2009 AND THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE.**

We have audited the attached Balance Sheet of **M M RUBBER COMPANY LIMITED, Chennai** as at 31<sup>st</sup> March 2009 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date. 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. Our audit includes an examination on a test basis, of evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates and judgments made by the management in the preparation of financial statements and evaluating the overall financial statement presentation.

We planned and performed our audit, so as to obtain all the information and explanations which were considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements and to provide a reasonable basis for our opinion.

We further 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, Profit & Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account;
4. In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow statement dealt with by this report comply with the requirements of the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
5. On the basis of the written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2009 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts *subject to the non ascertainment of impact on the accounts of the Company in respect of matters dealt with in the Note No.2.7 (Revised Accounting Standard No.15 on Employees Retirement Benefits has been Complied with except that the Company neither has ascertained nor provided for actuarial value of its gratuity liability and Leave Encashment as on 31.3.2009), and also subject to Note No 2.6 (Accounting Standard A S 28 on Impairment of assets) & Note no 2.1 (Balances are subject to confirmations) of the notes to the accounts and read together with other Notes thereon, give the information required by the Companies Act, 1956, in the manner so required and also give a true and fair view, in conformity with the accounting principles generally accepted in India;*
  - a) In the case of Balance Sheet, of the state of the Company's affairs as at 31st March 2009
  - b) In the case of Profit & Loss Account, of the Profit for the year ended on that date, and
  - c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
7. As required by the Companies (Auditors' Report) Order, 2003 [as amended by Companies (Auditor's Report)(Amendment) Order, 2004] issued by the Central Government under Section 227(4A) of the Companies Act, 1956 and according to the information and explanations given to us during the course of the audit and on the basis of such checks as were considered appropriate, we report that;
  - (i)
    - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets; however, fixed asset register is in the process of being updated.
    - (b) As explained to us, the fixed assets have been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed;
    - (c) Fixed Assets disposed of during the year were not material enough to affect the going concern identity of the Company.
  - ii)
    - (a) The inventories of the company at all its locations have been physically verified by the management during the year;
    - (b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business;

- (c) The Company has maintained proper records of inventories and the discrepancies between the physical inventories and the book records, which have been properly dealt with in the books of account were not material *subject to Note No 2.5.*
- iii) (a) The Company has taken loans from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. However the Register maintained under section 301 has to be updated. Unsecured advances were granted by the Company to the employees of the company,
- (b) In our opinion the rate of interest and other terms and conditions in respect of the unsecured loans taken by the company from the related parties are in our opinion, prima facie not prejudicial to the interest of the company.
- iv) In our opinion and in accordance with the information and explanations given to us there is an adequate Internal Control procedure commensurate with the size of the Company and the nature of its business. However, areas pertaining to purchase of goods and inventory needs to be strengthened.
- v) (a) In our opinion, and according to the information and explanations given to us, there are no contracts and arrangements the particulars of which need to be entered into the register required to be maintained under section 301 of the Companies Act, 1956.
- (b) In our opinion and according to the information and explanations given to us, the transactions that in respect of purchase of materials and sale of goods services made in pursuance of contracts that were needed to be entered into a register in pursuance of Section 301 of the Act in respect of transactions exceeding the value of Rs.5,00,000/- in respect of any party during the year made at prices which are reasonable having regard to the prices at which transactions for similar goods or services have been made with other parties.
- vi) In our opinion, the Company has not accepted deposits from the Public to which the Provisions of Section 58A and 58AA of the Companies Act, 1956, and the rules framed there under are applicable and therefore paragraph 4 (vi) of the Order is not applicable.
- vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business;
- viii) In accordance with the information and explanations given to us, the maintenance of records prescribed under section 209(1)(d) of the Companies Act 1956 is not applicable.
- ix) (a) The Company has been regular in depositing undisputed statutory dues including Provident Fund, Investor Education & Protection Fund, Employees State Insurance, Income-tax, Vat, Wealth Tax, Customs Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities except in some cases there has been delays in remittance of income tax, provident fund, sales tax, and Fringe benefit tax as ascertained and provided for in the books of account of the company.

According to the information and explanations given to us, there are no undisputed amounts payable in respect of Statutory dues were in arrears, as at 31<sup>st</sup> March 2009, for a period of more than six months from the date they became payable.

- (b) As at 31<sup>st</sup> March 2009, according to the records of the company and information and explanations given to us, the following are the particulars of disputed dues on account of excise duty, ESI and sales tax that have not been deposited.

Name of the Statute	Nature of Dues	Amount Rs in lakhs		
Central Excise Laws	Excise Duty	13.68	1980/85	CE Tribunal Chennai
		0.96	upto 1986	CE Tribunal Chennai
		0.80	1996	CE Tribunal Blore
		47.31	2006	Comm of CE Appeal Chennai
		0.22	1999	CE Tribunal Chennai
ESI Law	ESI Interest	7.28	Pre 1997	Madras High Court
Sales Tax Laws	Kerala Sales Tax, Surcharge And Interest	14.03	1997/1999	Kerala High Court
		9.03	1996/1997	Dy Comm of Sales Tax Kerala