



**M.M. RUBBER COMPANY LIMITED**

**44th ANNUAL REPORT 2009-10**

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

## **BOARD OF DIRECTORS**

**ROY MAMMEN** - Managing Director

**MAMMEN PHILIP**

**ASHOK KURIYAN**

**KARUN PHILIP**

**JACOB MAMMEN**

## **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**  
29, Empire Infantry, 3rd Floor, Infantry Road,  
Bangalore - 560 001

**M. M. RUBBER COMPANY LIMITED**

No. 29, Empire Infantry, 3rd Floor, Infantry Road, Bangalore 560 001

**NOTICE TO SHAREHOLDERS**

NOTICE is hereby given that the Forty Fourth Annual General Meeting of the members of MM Rubber Co. Ltd., will be held on Wednesday the 29<sup>th</sup> September 2010 at 3 P.M. as scheduled below:

Hotel Ashraya International  
149, Infantry Road, Bangalore - 560 001

To transact the following;

**A. ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March 2010 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. Ashok Kuriyan, who retires by rotation and is eligible for re-appointment.
3. To appoint the 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 Resolution as Ordinary Resolution.  
Revision in the terms of remuneration of Mr. Roy Mammen, Managing Director.

"RESOLVED that in partial modification of the resolution passed at the Annual General Meeting of the company held on 28.9.2006 and pursuant to the provisions of Sec.198, 269, 309, 310 and other applicable provisions if any, read with Schedule XIII of the Companies Act 1956, the company hereby accords its approval for revision in the terms of remuneration to Mr. Roy Mammen, Managing Director, of the Company with effect from 1.10.2010 to the reminder terms of his appointment as under:

1. Salary: Rs.45,000/- with an annual increment of Rs.15,000/-
2. Company's contribution to the provident fund shall be as per rules of the company.
3. Gratuity as applicable as per rules of the company
4. Commission at 1% of the net profit of the company

In addition Mr. Roy Mammen will be entitled to the following allowances, perquisites, facilities and amenities subject to the rules of the company.

- (a) Furnished residence or HRA at 50% of the salary in lieu thereof, the expenditure incurred by the company on gas, electricity and water and furnishing and repair house maintenance expenses, servants, cook, security guard etc.,
- (b) Medical reimbursement as per the rules of the company on himself, spouse, children and other dependent members of the family.
- (c) Club fees – reimbursement of club fees and expenses for using club facilities.
- (d) Leave travel allowance for self and family once a year as per the rules of the company.
- (e) Medical/personal accident/travel insurance – Actual premium to be paid by the company for himself and his family.
- (f) A.C. car with driver will be provided to be used for the business of the company.
- (g) Children education allowance limited to two children up to 24 years of age for each child.

**NOTE:**

The above perquisites/allowances and benefits shall be evaluated as per rules of the Income-tax Act wherever applicable. In the absence of such rules the perquisite/allowances shall be evaluated at actual cost of the company

The maximum cost to the company per annum for the grant of the above perquisites, allowances and benefits shall not exceed annual salary

In addition to the above Mr.Roy Mammen is entitled for one months leave for every year with full salary and free telephone facility at his residence including mobile phone and other communication facilities.

In the absence of adequate profit in any financial year during the course of his tenure of Mr.Roy Mammen as Managing Director shall be paid as above as minimum remuneration subject to the provisions in Schedule XIII to the Companies Act or as per the approval of the Central Government as applicable.

#### OTHER TERMS

1. He is entitled to reimbursement of entertainment, traveling and all other expenditure incurred for the business of the company as per the rules of the company
2. He shall also be eligible for housing and other loans and facilities in accordance with the rules of the company

RESOLVED FURTHER that the Board be and is hereby authorized to alter, vary and modify the said terms including salary, allowances and perquisites in such manner as may be agreed to between the Board and Mr.Roy Mammen within and in accordance with and subject to the limits prescribed in Schedule XIII to the Companies Act and if necessary as may be stipulated by the Central Government as may be agreed to accordingly between the Board and Mr.Roy Mammen

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

PLACE: BANGALORE  
DATE: 29.07.2010

**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 closed from 28.9.2010 to 30.9.2010.
4. Members are requested to notify immediately the 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 173 OF THE COMPANIES ACT

Mr.Roy Mammen was appointed as Managing Director of the Company during the year 2006 and the appointment and the terms of remuneration was approved by shareholders at their General Meeting held on 28.9.2006.

At the point of fixing of the remuneration the company was referred to BIFR as Sick Industrial Company under the provisions of SICA. Further on account of accumulated losses the company's net-worth was negative.

Mr.Roy Mammen after taking over as Managing Director of the Company was not only responsible for nursing back the company to a healthy stage but also instrumental in increasing the turnover and the profitability of the company. He was also responsible for making the company to come out of BIFR. Hence taking into consideration of the above and keeping in view the increased role and responsibility of the Managing Director, the Board of Directors are recommending the increased remuneration as proposed. Hence the resolution.

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

PLACE: BANGALORE  
DATE: 29.07.2010

**ROY MAMMEN**  
MANAGING DIRECTOR

## REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

### Ladies & Gentlemen,

Your Directors have pleasure to present their report on the activities and the audited accounts for the year ended 31<sup>st</sup> March 2010. Your Directors are happy to report that the year under report has resulted in higher turnover as compared to the previous year.

### WORKING OF THE COMPANY

During the year under review there has been unprecedented increase in the price of rubber latex, the major raw material component. This increase had adverse effect on the overall cost though the turnover increase marginally. The increase in cost of latex and other inputs resulted in the reduction of net profit of the year as compared to the previous year

### FINANCIAL RESULTS

The financial results of the company are as under:

Rupees in lakhs

Particulars	For the Year 2009-2010		For the Previous Year 2008-2009	
Profit before depreciation and interest		70.61		105.06
Less: Depreciation	10.96		11.21	
Interest	5.78		9.14	
		16.74		20.35
Profit after depreciation and Interest		53.87		84.71
Less: Short/excess provision of bonus of earlier years		0.06		(1.00)
		53.93		83.71
Less: FBT Paid		-		2.10
		53.93		81.61
Less: Provision for MAT		9.05		8.00
		44.88		73.61
Add: Balance brought forward from previous year		91.85		18.25
Surplus Carried over to Balance Sheet		136.73		91.85

### PROSPECTS FOR THE CURRENT YEAR

In view of Company adding on new products, your Directors are confident to increase the turnover in coming years and also post healthy profits.

### DIVIDEND

As the Company is in the process of financial consolidation, your Directors are not recommending any dividend for the year.

### DIRECTORS

Mr. Ashok Kuriayn retires by rotation at the ensuing Annual General Meeting and eligible for re-appointment.

### FIXED DEPOSITS

At the close of the year the matured deposit of Rs.17,000/- remains 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 and as a consequence during the year it successfully launched a product known as DUAL MATTRESSES.

#### 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 on 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, 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 2010, 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 2010 on a "going concern" basis.

**APPRECIATION**

The Directors place on record their appreciation of the valuable contribution of the Company's bankers. The Directors 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: 29.07.2010

**ASHOK KURIYAN**  
Director

**ROY MAMMEN**  
Managing Director

**NOTE:** The Directors at their meeting held on 29.7.2010 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 accounts for certain retirement benefits
2. Non ascertainment of impairment of assets
3. Valuation of inventories

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 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.
- c) The Company, in view of the new products introduced, is in the process of ascertaining revised cost of production for all the products dealt with by the Company, pending such ascertainment, the Company continued its policy of valuing the stock at net billing price of each product.

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

PLACE: BANGALORE  
DATE: 29.07.2010

**ASHOK KURIYAN**  
Director

**ROY MAMMEN**  
Managing Director