



M.M. RUBBER COMPANY LIMITED

45th ANNUAL REPORT 2010-11

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
SOUTH INDIAN BANK

AUDITORS

S R MANDRE & CO

REGISTERED OFFICE

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

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

Your directors have pleasure to present their report on the activities and the audited accounts of the company for the year ended 31st March 2011.

The turnover for the year is higher as compared to previous year. However, on account of increase in input costs, the margins have declined resulting in reporting of lower profit during the year.

FINANCIAL RESULTS

The financial results of the company are as under:

Particulars	For the Year 2010-2011	For the Previous Year 2009-2010
Profit as per Profit & Loss Account	8,58,965	53,86,619
Less: Short provision/excess provision of bonus of earlier years	10,197	5,554
	8,48,768	53,92,173
Less: Provision for MAT	1,55,000	9,05,000
	6,93,768	44,87,173
Add: Balance brought forward from previous year	1,36,73,831	91,86,658
Less: Prior Period Expenses	10,50,893	-
Surplus carried over to Balance Sheet	1,33,16,706	1,36,73,831

PROSPECTS FOR THE CURRENT YEAR

Your Directors taking into consideration, the volatility of rubber latex prices and its adverse impact, on the margin, have decided to expand its activities to other segments in the industry and accordingly are in the process of introducing spring and polyurethane cushion and mattresses. Hence your Directors are confident of improving the turnover and controlling the cost in an effective manner so that the profitability for the company is improved.

DIVIDEND

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

DIRECTORS

M/s. Jacob Mammen and Mammen Philip retires by rotation at the ensuing 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. Further, the company is in the process of developing other products in spring, polyurethane etc.

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

The company during the year incurred an expenditure of Rs.41.49 lakhs on development of new products and has deferred the same as per its accounting policies to be written off over a period of time.

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 31st March 2011, 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 31st March 2011 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

ASHOK KURIYAN

ROY MAMMEN

DATE: 19.07.2011

Director

Managing Director

NOTE: The Directors at their meeting held on 19.7.2011 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 finished products.

Your Directors wish to clarify as under:-

- a) The company settles the gratuity liability of the employees as and when the said employee leaves the organization. The company in view of it being declared as sick industrial company and referred to BIFR in the earlier year, could not ascertain and make provision in the accounts for its accrued gratuity liability. However, steps are being taken and the company is in the process of ascertaining its accrued liability on account of gratuity. Pending such ascertainment no provision for gratuity has been made in the accounts. Further the company do not have the policy of allowing the employees to encash leave at their credit while in service and hence no provision is made for the liability if any towards encashment of leave for those employees who are still in service.
- b) The Company has completed gathering information, about the value of assets that are required to be removed consequent on closure of BOPP and Glove Division and steps are being taken to remove the value of such assets in books. Pending the same no adjustment is made in the accounts the impairment, if any, of the value of assets.
- c) The company is in the process of ascertaining the cost of each of the product dealt by it and pending such ascertainment the inventories are continued to be valued, as in previous year, at the net billing price.

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

PLACE: BANGALORE

ASHOK KURIYAN

ROY MAMMEN

DATE: 19.07.2011

Director

Managing Director

For S.R.MANDRE & CO., Chartered Accountants, Bangalore

AUDITORS' REPORT TO THE SHAREHOLDERS

AUDITORS' REPORT TO THE SHAREHOLDERS OF M M RUBBER COMPANY LIMITED, BANGALORE, ON THE BALANCE SHEET AS AT 31ST MARCH 2011 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, Bangalore as at 31st March 2011 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 2011 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 31.3.2011) ,and subject to Note No 2.6(Accounting Standard A S 28 on Impairment of assets) and subject to Note no 2.1(Balances are subject to confirmations) and subject to deviation from Accounting Stanard AS2 regarding valuation of finished goods inventory for the reasons stated in Note No 2.5 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 2011
 - 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 records showing full particulars including quantitative details and situation of fixed assets;
- (b) As explained to us the fixed assets have been physically verified by the management during the year. The Company has maintained records showing description of respective assets along with quantitative details thereof and its location, however, such records do not show updated value both in respect of Gross Block and net Block.
- (c) No fixed assets were disposed off during the year.
- 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. No fixed assets were disposed off during the year.
- 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, and ESI 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 31st March 2011 for a period of more than six months from the date they became payable.
- (b) As at 31st March 2011, 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	Period to Which it relates	Forum where Pending
Central Excise Laws	Excise Duty	13.68	1980/85	CE Tribunal Chennai
		0.96	upto 1986	CE Trbinual Chennai
		0.80	1996	CE Trbinual Bangalore
		47.31	2006	Comm of CE Appeal Chennai
		0.22	1999	CE Tribunal Chennai
Sales Tax Laws	Kerala SalesTax, Surcharge And Interest	14.03	1997/1999	Kerala High Court
		9.03	1996/1997	Dy Comm of Sales Tax Kerala
Central Income Tax	Capital Gains Tax	75.71	AY 2007/08	CIT Appeals

- x) The Company neither has accumulated losses as at the end of financial year nor has incurred cash Losses during the current financial year and in the immediately preceding financial year.
- xi) In our opinion and according to information and explanations given to us, the company has not defaulted in repayment of its dues to any financial institution or bank during the year;
- xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities;
- xiii) The provisions of any special statute applicable to Chit Fund, Nidhi, or Mutual Benefit Fund/Societies are not applicable to the company;
- xiv) The Company is not dealing or trading in shares, securities, debentures or other investments and hence the requirement of Para 4(xiv) are not applicable to the company;
- xv) According to the information and explanations given to us company has not given any guarantee for loans taken by others from banks and financial institutions.
- xvi) According to the information and explanations given to us, we report that no funds raised on short-term basis have been used for long-term investments. The company has not raised long-term funds during the year and hence the use of such funds for short-term investments does not arise.
- xvii) The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year;
- xviii) The debentures have not been issued by the company during the year;
- xix) On the basis of our examination and according to the information and explanations given to us, no fraud, on or by the company, has been noticed or reported during the year.
- xx) The Company has not raised any money by way of public issues during the year;

For S.R.MANDRE & CO.,
Chartered Accountants
Firm Reg No. 001962S
(B.S.DINESH)

Place: Bangalore
Date: 19.07.2011

Partner
Membership No. 29624