



M.M. RUBBER COMPANY LIMITED

46th ANNUAL REPORT 2011-12

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

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 Sixth Annual General Meeting of the members of MM Rubber Co. Ltd., will be held on Thursday the 27th September 2012 at 9.30 A.M.

at

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

The Agenda of the meeting will be as follows:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 31st March 2012 and the Profit & Loss Account for the year ended on that date and the report of the Directors and the Auditors.
2. To appoint a Director in place of Mr.Ashok Kurian who retires by rotation and is eligible for re-appointment
3. To appoint a Director in place of Dr.Karun Philip who retires by rotation and is eligible for re-appointment
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.
5. **AS SPECIAL BUSINESS**

To consider and if thought fit to pass the following resolution with or without modification

"RESOLVED that Mr.Roy Mammen is reappointed as Managing Director for a period of three years from 1.10.2011

RESOLVED FURTHER that pursuant to the provisions of Sec.198, 269, 302 and 309 read with Part II of Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being) and pursuant to the Articles of Association of the company and subject to such other approvals as may be required, the consent of the company be and is hereby accorded to the payment of the following remuneration to Mr.Roy Mammen with effect from 1.10.2011

- a. Salary of Rs.60,000/- per month in the grade of Rs.60000-20000-100000
- b. Commission at the rate of 1% of the net profit of the company calculated in the manner laid down in the relevant provisions of the Companies Act
- c. Company's contribution to Provident Fund in the manner as applicable to other employees of the company in accordance with the rules of the company
- d. Gratuity as per the rules of the company

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

- i) A furnished accommodation or in lieu thereof if the appointee or HRA at 50% of the salary. Further the company to incur all expenses in connection with such accommodation such a gas, water, electricity, furnishing and other maintenance expenses, servants etc.,
- ii) Medical reimbursement as per rules of the company on himself, spouse and his dependent children
- iii) Reimbursement of club fee and expenses incurred for the purpose of business.
- iv) Leave Travel Assistance to self and family as per the rules of the company.

- v) A.C. car with driver will be provided for discharging for attending to company's business
- vi) Children education allowance limited to two children up to the age of 24 years.

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, perquisites/allowances shall be evaluated at actual cost to the company

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

In addition to the above, Mr.Roy Mammen is entitled for one month's leave salary every year with full salary and free telephone facilities at residence including mobile phone and other suitable communication facilities.

In the absence of inadequate profit in any financial year during the course of tenure Mr.Roy Mammen as Managing Director he shall be paid above as minimum remuneration subject to the limits specified in section 2(B) of Part II of Schedule XIII of the Companies Act.

Resolved further that Mr.Roy Mammen shall be entitled to the entire amount incurred by him in the course of business including entertainment and travel for and on behalf of the company commensurate with his position.

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

ROY MAMMEN
MANAGING DIRECTOR

PLACE: BANGALORE
DATE: 27.7.2012

NOTE:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member.
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 26th September 2012 to 28th September 2012 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 for attending the meeting. Members are requested to bring their copy of the Annual Report to the meeting.

EXPLANATORY STATEMENT UNDER SEC.173 OF THE COMPANIES ACT REGARDING ITEM NO.6

Mr.Roy Mammen was Managing Director of the company right from 2006. When Mr.Roy Mammen took over the company as Managing Director, the company was under BIFR and was subsequently declared as a sick industrial company. Mr.Roy Mammen was able to turnover around the company and got the company discharged from the provisions of Sick Industrial Companies Act. Further during his tenure the company's turnover improved consistently and started showing profits. The board of directors in recognizing his past services and keeping in view the company's future prospects, have re-appointed Mr.Roy Mammen for a further period of three years from the date of expiry of his previous tenure and recommended the remuneration as contained in the above resolution and requested the members for their approval, further all the information as required to be given as per Sec.2(B)(iv) of Part II of Schedule XIII is enclosed for information of the members.

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

ROY MAMMEN
MANAGING DIRECTOR

PLACE: BANGALORE
DATE: 27.7.2012

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 2012.

The economic slowdown in the country has adversely affected your company's performance also. On the one hand there has been unprecedented increase in input costs and at the same time there has been resistance for increase in the price of company's latex products. These factors have contributed to a large extent the decline in margin thus resulting in our company recording a small loss during the year. Your directors are taking all steps to rationalize the working of the company which may result in reduction in cost and improvement of margin.

FINANCIAL RESULTS

The financial results of the company are as under:

| Particulars | For the Year 2011-2012 ₹ | For the Previous Year 2010-2011 ₹ |
|--|--------------------------------|---|
| Profit before depreciation and interest | 56.27 | 43.85 |
| Less: Depreciation | 14.89 | 12.01 |
| Interest | 60.78 | 23.25 |
| | 75.67 | 35.26 |
| Loss or profit after depreciation and interest | (19.40) | 8.59 |
| Less: Current Tax | -- | 1.55 |
| | (19.40) | 7.04 |
| Less: Excess provision written Back | 0.23 | 0.10 |
| Loss or profit carried to balance sheet | (19.17) | 6.94 |

PROSPECTS FOR THE CURRENT YEAR

Keeping the current economic scenario and its possible adverse effect, your directors have initiated certain measures to rationalize the working of the company.

DIVIDEND

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

DIRECTORS

M/s. Ashok Kuriyan and Karun 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. Accordingly the company has in the past launched new products such as Dual Mattresses, Hifi Mattresses, and in the process of expanding its range of products in spring and polyurethane, medibed etc.,

2. Future Plan of Action

The company is in the process of rationalizing its distribution net work and such rationalization is expect to yield good results in the coming year.

3. 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 adopted.

4. 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 2012, 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 2012 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.

The maintainance of cost records as prescribed for the year is applicable to your company and the company is maintaining such record for computation of cost in respect of all the products.

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

PLACE: BANGALORE
DATE: 27.07.2012

ASHOK KURIYAN
Director

ROY MAMMEN
Managing Director

NOTE:The Directors at their meeting held on 27.7.2012 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
DATE: 27.07.2012

ASHOK KURIYAN
Director

ROY MAMMEN
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 2012 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 2012 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. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mismanagement. An audit includes an examination on a test basis, of evidence supporting the amounts and disclosures in the financial statements. An Audit also includes assessing the accounting principles used and significant estimates made by the 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 Companies (Auditors Report) Order, 2003, issued by the Central government of India in terms of sub section (4A) of Section 227 of the Companies Act, 1956 ("the act"), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.

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 and proper returns adequate for the purposes of our audit have been received from the branch offices;
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; to extent applicable.
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 2012 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.22.7(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 31.3.2012 ,and subject to Note No 22.6(Accounting Standard A S 28 on Impairment of assets) and subject to Note no 22.1(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 22.5 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 2012
 - b) In the case of Profit & Loss Account, of the Losst 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.

ANNEXURE TO THE AUDITORS REPORT-31ST MARCH 2012

(Referred to in our Report of even date)

- i) a) The Company has maintained proper 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) As per the information and explanations given to us on our enquiries, the disposal of the assets during the year were not substantial so as to have an impact on the operations of the company, or affect its going concern;.
- ii) (a) The inventories of the company at all its locations have been physically verified by the management during the year end;

 (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.
- 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.

 (c) In respect of such loans taken by the company, where stipulations have been made, they have generally repaid the principal amounts as stipulated and have been regular in payment of interest, where applicable.
- 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 with regard to the purchase of inventories and fixed assets and for the sale of goods. We have not observed any major weakness in the internal control system during the course of the audit. 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 made in pursuance of such contracts or arrangements entered in the register maintained under section 301 of Companies Act, 1956 and exceeding the value of Rupees Five Lakhs in respect of any party during the year, have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- 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) We have broadly reviewed the cost records maintained by the company pursuant to the companies (Cost accounting records) rules, 2011 prescribed by the central government under section 209 (1)(d) of the Companies Act 1956 and are of the opinion *prima facie* the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determining whether they are accurate or complete.
- 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