



M.M. RUBBER COMPANY LIMITED

47th ANNUAL REPORT 2012-13

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

The Forty Seventh Annual General Meeting of the members of M.M.Rubber Co. Ltd., will be held as scheduled below:

Date: 27.9.2013

Time: 12.30 P.M.

at

Hotel Paraag

No. 3, Raj Bhavan 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 2013 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.Mammen Philip who retires by rotation and is eligible for reappointment
3. To appoint a Director in place of Mr.Jacob Mammen who retires by rotation and is eligible for reappointment
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. To transact such other business as the meeting may be competent to deal with.

6. SPECIAL BUSINESS

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

"RESOLVED that pursuant to Sec.314(1) of the Companies Act and subject to such consent, approval, permission as may be required, the approval be and is hereby accorded to the continuation of appointment of Mr.Mammen Philip, to hold an office of place of profit under the Company as Consultant in Corporate Affairs from the expiry of previous term to 30th September 2016 on a remuneration and reimbursement of expenses incurred for official purposes not exceeding Rs. 30,000/- per month as hitherto and he be provided with the use of company's vehicle for the purposes of his official duties of the company"

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

PLACE: BANGALORE

DATE: 30.5.2013

ROY MAMMEN
MANAGING DIRECTOR

NOTE:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote on 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 2013 to 28th September 2013 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(1) OF THE COMPANIES ACT, 1956 IN RESPECT OF SPECIAL BUSINESS

Mr.Mammen Philip was rendering consultancy services to the company in Corporate Management and on business development activities. It was decided by the Board of Directors that his services should be continued for a further period up to 30th September 2016 as the company is planning to introduce other products in addition expanding its activities in foam products. It was further decided by the board that he shall be paid a remuneration and reimbursement of expenses incurred for official purposes not exceeding of Rs.30,000/- per month and provided with motor car facilities for official use.

Except Mr.Mammen Philip none of the directors is interested in the above resolution.

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 2013.

During the year under report, there has been a recessionary trend in the Indian economy affecting the industrial activities including consumer sector activities. This trend also affected your company and the company recorded a negative growth as compared to the previous year. In addition, the prices of latex and other inputs consistently raised during the year resulting in lower margin especially from latex products which forms substantial portion of the company's turnover. Thus the company had to report a loss for the year.

FINANCIAL RESULTS

The financial results of the company are as under:

Particulars	For the Year 2012-2013 ₹ in Lakhs	For the Previous Year 2011-2012 ₹ in Lakhs
Profit before depreciation and interest	47.22	56.22
Less: Depreciation	12.80	14.89
Interest	60.63	60.78
	81.43	75.65
Loss after depreciation and interest	34.20	19.40
Less: Current Tax	--	--
	34.20	19.40
Less: Excess provision written Back	0.37	0.23
Loss carried to balance sheet	32.83	19.17

PROSPECTS FOR THE CURRENT YEAR

Your directors have started taking steps to rationalize its distribution network either by closing or merging wherever required in order to reduce costs and improve the quality of delivery. Your Directors are confident that these measures would help in company improving the margin and with the industrial scenario getting better in the coming year the turnover of the company would also improve and thereby the results for the next year would improve.

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. Jacob Mammen and Mammen Philip retire 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 Companies (Particulars of Employee) 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 product such as Dual Mattresses, Hifi Mattresses, and in the process of expanding its ranges of products in spring and polyurethane, medibed etc.,

2. Future Plan of Action

The Company is in process of rationalizing its distribution network and such rationalization is expected 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 Earning 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 2013, the applicable accounting standard 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 judgments 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 loss 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 2013 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 maintenance 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: 30.05.2013

MAMMEN PHILIP
Director

ROY MAMMEN
Managing Director

NOTE: The Directors at their meeting held on 30. 2013 have authorized Mr. Mammen Philip 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: 30.05.2013

MAMMEN PHILIP
Director

ROY MAMMEN
Managing Director

INDEPENDENT AUDITORS' REPORT

To The Members of M M Rubber Company Limited

Report on the Financial Statements

We have audited the accompanying financial statements of M M RUBBER COMPANY LIMITED, Bangalore, which comprise the Balance Sheet as at 31st March 2013 and Statement of the Profit & Loss Account and the Cash Flow Statement for the year ended on that date and a summary of significant accounting policies and the other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ('the Act'). This responsibility includes the design, implementation and maintenance of the internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the standards on auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the said financial statements give the information required by the act in the manner so required 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 31.3.2013, and subject to Note No 2.6 (Accounting Standard AS 28 on Impairment of assets) and subject to Note no 2.1 (Balances are subject to confirmations) and subject to deviation from Accounting Standard 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 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 2013;
- (b) In the case of the statement of Profit & Loss Account, of the Loss for the year ended on that date; and
- (c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

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 give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.

As required under provisions of section 227(3) of the Companies Act, 1956, we 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 estates;
3. The Balance Sheet, Statement of Profit & Loss and Cash Flow statement dealt with by this report are in agreement with the books of account;
4. In our opinion, the Balance Sheet, statement of Profit & Loss 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 2013 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

For S R Mandre & Co
Chartered Accountants
FRN No 001962S

B S Dinesh
Partner
Mem No 29624

Place : Bangalore
Date : 30.05.2013

ANNEXURE

(Referred to in Paragraph 1 of our Report on Other Legal and Regulatory Requirements)

- 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 was not substantial so as to have an impact on the operations of the company, or affect its going concern status of the company.
- 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 given by the company are in our opinion, prima facie not prejudicial to the interest of the company.
 (c) In respect of such loans given 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.
 (d) The Company has taken unsecured loans from other parties covered in the register maintained under section 301 of the companies act, 1956
 (e) In our opinion and according to the explanations given to us, the rate of interest and other terms and conditions of the aforesaid loan are not, prime facie prejudicial to the interest of the company.
 (f) In our opinion and according to the explanations given to us, the company is regular in paying the principal and interest as stipulated.
- 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 with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in the internal control system. However, areas pertaining to purchase of goods and inventory needs to be strengthened.
- v) 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.
- vi) 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.
- vii) According to information and explanations given to us, the Company has not accepted any deposit from the Public. Therefore the provisions of Clause (6) of paragraph of the order are not applicable to the company.