

**M. M. RUBBER COMPANY LIMITED**

CIN: L25190KA1964PLC052092

Regd. Office: "Empire Infantry", 3rd Floor, No. 29, Infantry Road, Bangalore-560 001

Website Address: www.mmfoam.in E-mail: mmfoam27@gmail.com

**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 2014.

As members are aware there has been considerable slowdown in the economic activity in the country which has an adverse effect on the manufacturing sector. This negative trend also affected your company and thus the company during the year under report could not record any significant improvement in its turnover. Further there has been an all-round increase in costs resulting in the margin being eroded and company making higher loss during the year as compared to the previous year.

**FINANCIAL RESULTS**

The financial results of the company are as under:

Particulars	For the Year 2013-2014 ₹ in Lakhs	For the Previous Year 2012-2013 ₹ in Lakhs
Profit before depreciation and interest	-11.08	47.22
Less: Depreciation	12.95	12.80
Interest	61.44	60.63
	74.39	81.42
Loss after depreciation and interest	-85.47	-34.20
Less: Excess provision written Back	0.47	0.37
Loss or profit carried to balance sheet	-85.00	-33.83

**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 the company, by concentrating more on its core foam products and exploring the possibility of enlarging the marketing of those products to in export market. Your directors are confident that with these measures your company could increase turnover in the coming year but also show better working results.

**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. Roy Mammen, Mammen Philip and Ashok Kuriyan 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. Your directors are taking steps to deal with the same in accordance with the new provision of Companies Act 2013.

**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 Harmony mattresses and Medi bed.

## 2. Future Plan of Action

The company is in the process of rationalizing its distribution net work 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 2014, 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 2014 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: 30.5.2014

**ASHOK KURIYAN**  
Director

**ROY MAMMEN**  
Managing Director

**NOTE:** The Directors at their meeting held on 30.5.2014 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: 30.5.2014

**ASHOK KURIYAN**  
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 (The Company) Bangalore, which comprise the Balance Sheet as at 31st March 2014 and the Statement of Profit & Loss Account and the Cash Flow Statement for the year then ended 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 notified under the Companies Act, 1956 (the Act) read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of the internal control relevant to the preparation and fair presentation of the financial statements that give a true and fair view and 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 of 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's Internal control. 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.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 31.3.2014, 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 Standard 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 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 2014;
- (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.
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 Account and Cash Flow statement Comply with the Accounting Standards notified under the Companies Act, 1956 (the Act) read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.
5. On the basis of the written representations received from the directors as on 31st March 2014 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2014 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 : 30.05.2014

#### **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 not granted any loans secured or unsecured to 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.  
(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 ( Year end balances Rs.54,37,973/-) 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 interest on such loans which is payable on demand.
- 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) (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 to 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) 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 4 of the order are not applicable to the company.
- 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 that prima facie the prescribed cost records have been maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete
- ix) The Company has been regular in depositing undisputed statutory dues including Provident Fund, Investor Education & Protection Fund, Employees State Insurance, Income-tax Act, Vat, Wealth Tax, Customs Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities in India except in some cases there has been delays in remittance of provident fund and ESI as ascertained and provided for in the books of account of the company.
- (a) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Statutory dues were outstanding, as at 31st March 2014, for a period of more than six months from the date they became payable.
- (b) As at 31st March 2014, according to information and explanations given to us, the following are the particulars of disputed dues on account of Excise Duty and 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 1/3/1981 to 31/3/1985 Order dated 5/07/2011	96.30	1980/85	CE Tribunal Chennai CE Trbinual Chennai
Sales Tax Laws	Tamilnadu Sales tax Input vat	7.31	2007-08	The Asst Commr (LT) Chennai
Sales Tax Laws	Kerala Sales Tax, Surcharge And Interest	14.03 9.03	1997/1999 1996/1997	Kerala High Court Dy Comm of Sales Tax Kerala

- x) The Company has accumulated losses at the end of the financial year which is more than 50% of its net worth. The Company has incurred cash losses during the current financial year covered by our audit and also during 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) is 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) As per the information and explanations to given to us, term loans obtained by the company, in our opinion, have been applied for the purpose for which they were obtained.
- xvii) 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/applications. 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.
- xviii) 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;
- xix) The debentures have not been issued by the company during the year;
- xx) 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.
- xxi) 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: 30.05.2014

Partner  
Membership No. 29624



**COMPLIANCE CERTIFICATE**

Corporate Identification No : L25190KA1964PLC052092

Paid Up Capital : Rs. 99,61,130/-

FORM (SEE RULE 3) Compliance Certificate

To The Members

**M M RUBBER COMPANY LIMITED**

Bangalore, Karnataka.

I have examined the registers, records, books and papers produced to me for my verification pertaining to the financial year 01.04.2013 to 31.03.2014 of M M RUBBER COMPANY LIMITED, as required to be maintained under the Companies Act, 1956/ 2013, and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended 31.03.2014. In my opinion and to the best of my information and according to the examinations carried out by me of the documents produced to me and explanations furnished to me by the Company, its officers and agents, I, on strength and reliance of the documents produced and information provided to me, pertaining to the financial year 2013 - 2014, certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been recorded.
2. The Company has filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities under the Act and the rules made thereunder.
3. The Company being public limited Company has the minimum prescribed paid-up capital.
4. The Board of Directors met 4 (Four) times on 30.05.2013, 29.07.2013, 30.10.2013 and 20.01.2014 in respect of which meetings notices were given and the proceedings were recorded and signed in the Minutes Book maintained for the purpose.
5. The Company has closed its Register of Members from 26.09.2013 to 28.09.2013 (both days inclusive) under Section 154/ 91 of the Companies Act, 1956/ 2013 during the financial year.
6. The Annual General Meeting for the financial year ended on 31.03.2013 was held on 27.09.2013, after giving notice to the members of the Company and the resolutions passed there at were recorded in Minutes Book maintained for the purpose.
7. No Extra-Ordinary General Meeting was held during the financial year.
8. As per information provided to me it appears that, the Company has not advanced any loan to its directors and/or persons or firms or companies referred in the Section 295/ 185 of the Companies Act, 1956/ 2013 during the financial year.
9. As per information provided to me, the Company represents that there was no transaction falling within the purview of Section 297 of the Act.
10. The company has not made entries in the register maintained under Section 301/189 of the Companies Act, 1956/ 2013.
11. As explained to me, it seems that there was an instance falling within purview of Section 314 of the Companies Act, 1956 during the Financial Year under scrutiny.
12. As per records shown to me, the Company has not issued any duplicate share certificates during the financial year.
13. As per documents produced to me, the Company:
  - (i) has not delivered share certificates, however there were transfer and transmission of securities in demat form during the financial year.
  - (ii) has not deposited amount in a separate bank account as there was no dividend declared during the financial year.
  - (iii) has not posted dividend warrants to any member of the Company as there was no dividend declared during the financial year.
  - (iv) has not transferred the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund as there was no such amount outstanding during the financial year under review
  - (v) has generally complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is constituted and there was no appointment of directors, additional directors, alternate directors and directors to fill casual vacancies during the financial year.
15. The Company has not appointed any Managing Director/Whole-time Director/Manager during the financial year under scrutiny.
16. The Company has not appointed any sole-selling agents during the financial year under scrutiny.
17. As per information provided to me, observations made by me and the records produced to me, no approvals were taken by the Company from the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act as the Company represents that there no occasions have arisen during the financial year.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. As per records of the Company, the Company has not issued shares/ debentures/securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. The Company has not made redemption of preference shares/debentures during the year As there was no redemption of preference shares/debenture issued
22. There was no transaction necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares