



## M.M. RUBBER COMPANY LIMITED

748, Mount Road, Chennai - 600 002.

Phone : 91-44-2852 3501 / 2852 3511

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### Synopsis of the Scheme of Arrangement

#### a) History of the Company

The M M Rubber Company is a private limited company incorporated on 18.8.1964 having the registered office in the State of Karnataka. The company was converted into a public limited company with effect from 4.8.1975. Thereafter the company shifted its registered office from the State of Karnataka to State of Tamilnadu which was confirmed by the Company Law Board by its letter dated 2.2.1979. The company presently situated in Plot No.44, Sipcot Industrial Estate, Ranipet, Tamilnadu.

#### b) Capital Structure of the Company

The Authorised Capital of the Company as on 31.03.2006 is Rs.7,00,00,000/- . The Subscribed Share Capital was Rs.4,98,05,650/- divided into 49,80,565 shares of Rs.10/- each. This has been reduced to Rs.99,61,130/- divided into 49,80,565 shares of Rs.2/- each.

#### c) Meeting

The board meeting was held on 04/09/2006 and AGM was on 28/09/2006 in which the proposal Reduction of capital is approved unanimously via special resolution by the share holders.

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d) Listing details

The company is a Listed Company which is listed in Bangalore Stock Exchange, Madras Stock Exchange and Bombay Stock Exchange and the petitioner company by its letter dated 5.2.2007 intimated the proposed reduction of capital to the aforesaid Stock Exchanges.

e) Reason and details of Reduction of Capital

In the last few years the company incurred losses and competition was also severe. To manage competition and costs, the company had closed down its BOPP division and it had disposed some of the assets to clear the part of the dues of Indian Bank which is the only secured creditor of the company. The reduction envisaged the shareholder value. The reduction of capital does not result in reduction of amount payable to the creditors and also neither any compromise nor arrangement with the same. The reduction does not involve any cash outflow, the same will not affect the day to day operations or creditworthiness of the business. Indeed, the reduction is in accordance with sound commercial accounting and practice.

Part of the financial restructuring the petitioner has proposed to reduce its equity share capital from Rs.4,98,05,650/- (Four crore ninety eight lakhs five thousand six hundred and fifty) divided into 49,80,565 (Forty nine lakhs eighty thousand five hundred and sixty five) equity shares of Rs.10/- each to Rs.99,60,130/- (Ninty nine lakh sixty thousand one hundred and thirty) divided into 49,80,565 equity shares of Rs.2/- each by reducing the paid up value of each share from Rs.10/- to Rs.2/- per share.

The reduction of capital would enable the petitioner to reduce its capital employed and operate with a leaner balance sheet base. The reduction also envisaged would also enhance shareholder value through improvement in future profitability and consequent increase in earning per share and Return on capital employed. The said reduction will also

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also help the petitioner to represent better its operational efficiency improvements in future years thereby improving the value of its share holders. The reduction would also not have any real major impact on the book value of petitioner's share as for all practical, the capital to be reduced represents the already eroded value and involves no cash flow.

The petitioner submits that the effect of such reduction would be to reduce the petitioner's equity share capital by an amount not exceeding Rs.3,98,45,520/- (Three crore ninety eight lakhs forty four thousand five hundred and twenty only) by reducing the paid up value of the equity share from Rs. 10/- to Rs.2/- each fully paid up.

Before reduction		After reduction	
Paid up value	No of Shares	Paid up value	No of Shares
Rs.4,98,05,650	4,98,05,650	Rs.99,60,130	49,80,565

**Illustration:**

Name of Share holder	Before reduction			After reduction		
	No of Shares	Nominal value of shares(Rs.)	Total Paid up value	No of Shares	Nominal value of shares(Rs.)	Total Paid up value
Mr.X	100	10	1,000 (100*10)	100	2	200 (100*2)



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**f) High Court Order**

The court order for reduction of capital issued by the hon'ble Chief Justice of Madras High Court on 26.3.2008 and certified copy of the same was received on 28.03.2008 which forthwith filed with the Registrar of Companies on 2.4.2008 vide SRN No.A34901520.

For M M Rubber Company Limited

Roy Mammen  
(Managing Director)

Annexure D

M.M. RUBBER COMPANY LIMITED  
ADMINISTRATIVE OFFICE  
'EMPIRE INFANTRY', 3rd FLOOR,  
# 29, INFANTRY ROAD,  
BANGALORE - 560 001.

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