

FOURTH ANNUAL REPORT 1997-1998

MD	✓		BKC	✓
CS	NA		DPY	✓
RO	✓		DEV	✓
TRA	NA		AC	✓
AGM	✓		SHI	✓
YE	✓			✓

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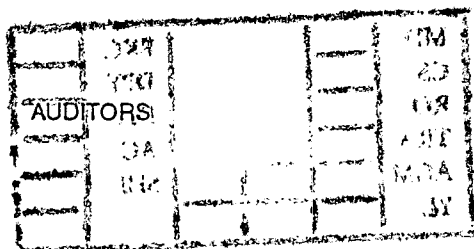


VAMSHI RUBBER LIMITED

(In Collaboration with Hercules Tire & Rubber Co., USA)

VAMSHI RUBBER LIMITED**BOARD OF DIRECTORS**

: Shri M.Keshav Reddy, Chairman
 Shri M.Ramesh Reddy, Managing Director
 Shri P.Varun Kumar
 Shri R.Surendra Reddy
 Shri K.V.Sarma
 Shri S.Ramachandra Prasad



: M/s.A.M.Reddy & Co
 Chartered Accountants
 103, My Home Plaza, Masab Tank
 Hyderabad - 500 028.

BANKERS

: State Bank of India
 Main Branch,
 Bank Street, Kothi
 Hyderabad - 500 001.

REGISTERED OFFICE

: 3-5-612,
 Himayatnagar
 Hyderabad - 500 029.

FACTORY

: Survey No.312/E,
 Lingo jigudem Village,
 Choutuppal Mandal,
 Nalgonda District (A.P)

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VAMSHI RUBBER LIMITED**NOTICE**

NOTICE is hereby given that the Fourth Annual General Meeting of the Members of VAMSHI RUBBER LIMITED, will be held on Thursday the 24th September 1998 at 9.30 A.M. at Hotel 'Deccan Continental', Sir Ronald Ross Road, Secunderabad, to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 1998 and Profit & Loss Account for the year ended 31st March, 1998 along with Auditors' Report and Directors' Report thereon.
2. To appoint a Director in place of Shri R.Surendra Reddy who retires by rotation and being eligible offers himself for reappointment.
3. To appoint M/s.A.M.Reddy & Co., Chartered Accountants, Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration.

SPECIAL BUSINESS :

4. To consider and if thought fit, to pass, with or without modification(s) the following resolution as Special Resolution :

"RESOLVED THAT pursuant to the provisions of the Section 31 of the Companies Act, 1956 amendments, enactments and modification to be brought out to the provisions of the Companies Act, 1956 and other applicable statutes, Articles of Association of the Company be and is hereby altered by deleting of existing Article 114 and by inserting of the undermentioned new Article as Article No.114 which reads as :

Article No.114 :

Subject to the provisions of the Act, the Board shall have power to appoint from time to time one or more or their body to the office of the Managing Director and/or Joint Managing Director and/or whole-time director for such period and on such terms and as the Board may think fit such periods not exceeding five years at a time. The Managing Director and/or Joint Managing Director shall not whilst holding that office be subject to retirement by rotation. The Board may by resolution vest in such Managing Director, Joint Managing Director, Whole-time Director such powers hereby vested in the Board generally as it thinks fit, and such powers may be made exercisable for such periods or periods and upon such conditions and subject to such restrictions as it may determine.

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as Ordinary Resolution :

"RESOLVED THAT Shri M.Keshava Reddy be and is hereby appointed as a Director of the Company retiring by rotation".

6. To consider, and if thought fit, to pass with or without modification(s), the following resolution as Ordinary Resolution:

"RESOLVED THAT Shri K.V.Sarma be and is hereby appointed as a Director of the Company retiring by rotation".

7. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, and other enabling provisions of the Companies Act, 1956, and Schedule XIII of the Companies Act, 1956, Shri K.V.Sarma, be and is hereby appointed as the Whole-time Director of the Company and shall be designated as Director-Operation for a period of 5 years with effect from 1st April, 1998 upon the terms and conditions set out below :

- i) Salary : Rs.10,000/- per month
- ii) Perquisites : The perquisites will be allowed in addition to the salary above and will be restricted to the Annual Salary as provided hereunder.

VAMSHI RUBBER LIMITED**RENT FREE FURNISHED ACCOMMODATION OR HOUSE RENT ALLOWANCE:**

House Allowance of Rs.5,000/- per month.

GAS & ELECTRICITY :

The expenditure on gas, electricity, water and furnishings will be borne by the company and the same will be valued as the Income-tax rules 1961, however, subject to ceiling of 20% of salary.

PERSONAL ACCIDENT INSURANCE :

Personal accident insurance on an annual premia not exceeding Rs.4,000/-.

CAR : Free use of car for Company's business.

TELEPHONE :

Free use of Telephone at residence for Company's business. Personal long distance calls on Telephone and use of Car for private purpose shall be billed by the Company to the Whole-time Director.

"RESOLVED FURTHER THAT Shri K.V.Sarma, shall also be entitled for reimbursement of actual entertainment, travelling, boarding and lodging expenses incurred by him in connection with the Company's business and such other benefits/amenities and other privileges, as any from time to time, be available to other Senior Executives of the Company.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as in its absolute discretion, it may consider necessary, expedient or desirable, and to settle any question, or doubt that may arise in relation thereto in order to give effect to the foregoing resolution, or as may be otherwise considered by it to be in the best interest of the Company."

8. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, and other enabling provisions of the Companies Act, 1956, and Schedule XIII of the Companies Act, 1956, Shri M.Ramesh Reddy, be and is hereby re-appointed as the Managing Director of the Company for a period of 5 years with effect from 1st April, 1998 upon the terms and conditions set out below :

i) Salary : Rs.12,000/- per month

ii) Perquisites : The perquisites will be allowed in addition to the salary above and will be restricted to the Annual Salary as provided hereunder.

RENT FREE FURNISHED ACCOMMODATION OR HOUSE RENT ALLOWANCE:

House Allowance of Rs.6,000/- per month.

GAS & ELECTRICITY :

The expenditure on gas, electricity, water and furnishings will be borne by the company and the same will be valued as the Income-tax rules 1961, however, subject to ceiling of 20% of salary.

PERSONAL ACCIDENT INSURANCE :

Personal accident insurance on an annual premia not exceeding Rs.4,000/-.

CAR : Free use of car for Company's business.

TELEPHONE :

Free use of Telephone at residence for Company's business. Personal long distance calls on Telephone and use of Car for private purpose shall be billed by the Company to the Managing Director.

"RESOLVED FURTHER THAT Shri M.Ramesh Reddy, shall also be entitled for reimbursement of actual entertainment, travelling, boarding and lodging expenses incurred by him in connection with the Company's business and such other benefits/amenities and other privileges, as any from time to time, be available to other Senior Executives of the Company.

VAMSHI RUBBER LIMITED

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as in its absolute discretion, it may consider necessary, expedient or desirable, and to settle any question, or doubt that may arise in relation thereto in order to give effect to the foregoing resolution, or as may be otherwise considered by it to be in the best interest of the Company."

9. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, and other enabling provisions of the Companies Act, 1956, and Schedule XIII of the Companies Act, 1956, Shri P.Varun Kumar, be and is hereby re-appointed as the Whole-time Director of the Company retiring by rotation for a period of 5 years with effect from 1st April, 1998 upon the terms and conditions set out below :

- i) Salary : Rs.10,000/- per month
- ii) Perquisites : The perquisites will be allowed in addition to the salary above and will be restricted to the Annual Salary as provided hereunder.

RENT FREE FURNISHED ACCOMMODATION OR HOUSE RENT ALLOWANCE:

House Allowance of Rs.5,000/- per month.

GAS & ELECTRICITY :

The expenditure on gas, electricity, water and furnishings will be borne by the company and the same will be valued as the Income-tax rules 1961, however, subject to ceiling of 20% of salary.

PERSONAL ACCIDENT INSURANCE :

Personal accident insurance on an annual premium not exceeding Rs.4,000/-.

CAR : Free use of car for Company's business.

TELEPHONE :

Free use of Telephone at residence for Company's business. Personal long distance calls on Telephone and use of Car for private purpose shall be billed by the Company to the Whole-time Director.

"RESOLVED FURTHER THAT Shri P.Varun Kumar, shall also be entitled for reimbursement of actual entertainment, travelling, boarding and lodging expenses incurred by him in connection with the Company's business and such other benefits/amenities and other privileges, as any from time to time, be available to other Senior Executives of the Company.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as in its absolute discretion, it may consider necessary, expedient or desirable, and to settle any question, or doubt that may arise in relation thereto in order to give effect to the foregoing resolution, or as may be otherwise considered by it to be in the best interest of the Company."

10. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, and other enabling provisions of the Companies Act, 1956, and Schedule XIII of the Companies Act, 1956, Shri R.Surendra Reddy, be and is hereby re-appointed as the Whole-time Director of the Company retiring by rotation for a period of 5 years with effect from 1st April, 1998 upon the terms and conditions set out below :

- i) Salary : Rs.10,000/- per month
- ii) Perquisites : The perquisites will be allowed in addition to the salary above and will be restricted to the Annual Salary as provided hereunder.

RENT FREE FURNISHED ACCOMMODATION OR HOUSE RENT ALLOWANCE :

House Allowance of Rs.5,000/- per month.

GAS & ELECTRICITY :

The expenditure on gas, electricity, water and furnishings will be borne by the company and the same will be valued as the Income-tax rules 1961, however, subject to ceiling of 20% of salary.

VAMSHI RUBBER LIMITED**PERSONAL ACCIDENT INSURANCE :**

Personal accident insurance on an annual premium not exceeding Rs.4,000/-.

CAR : Free use of car for Company's business.

TELEPHONE :

Free use of Telephone at residence for Company's business. Personal long distance calls on Telephone and use of Car for private purpose shall be billed by the Company to the Whole-time Director.

"RESOLVED FURTHER THAT Shri R.Surendra Reddy shall also be entitled for reimbursement of actual entertainment, travelling, boarding and lodging expenses incurred by him in connection with the Company's business and such other benefits/amenities and other privileges, as any from time to time, be available to other Senior Executives of the Company.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as in its absolute discretion, it may consider necessary, expedient or desirable, and to settle any question, or doubt that may arise in relation thereto in order to give effect to the foregoing resolution, or as may be otherwise considered by it to be in the best interest of the Company."

11. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as Ordinary Resolution:

"RESOLVED THAT in partial modification to the Special Resolution passed at the Third Annual General Meeting of the Company held on 29-09-1997 in respect of appointment of Shri S.Ramachandra Prasad as Whole-time Director of the Company and pursuant to provisions of Section 255 and any other applicable provisions of the Companies Act, 1956, the period of office of Shri S.Ramachandra Prasad be liable to determination by retirement of directors by rotation".

By Order of the Board
for VAMSHI RUBBER LIMITED,

Place : Hyderabad
Dated : 30-07-1998

(M.RAMESH REDDY)
Managing Director

NOTES :

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and, on a poll, to vote instead of him/herself and such proxy need not be a member. The instrument appointing a proxy should, however, be deposited at the Registered Office of the Company not less than 48 hours before the meeting.
2. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of special business set out above is annexed hereto.
3. Register of Members and Share Transfer Books of the Company will remain closed from 23/09/98 to 24/09/98 (both days inclusive).
4. Members intending to seek clarifications at the Annual General Meeting concerning the accounts and any aspect of operations of the Company are requested to send their questions in writing to the Secretarial Department so as to reach the Company atleast 7 days in advance before the date of the Annual General Meeting, specifying the points.
5. Members are requested to bring Annual Report with them for the Annual General Meeting. No copies of Annual Report will be distributed at the meeting.
6. The particulars of the resolution No.7 to 10 and relevant Explanatory Statement No.7 to 10 may also be considered as compliance of the provisions of Section 302 of the Companies Act, 1956.
7. Members are requested to notify immediately any change in their address to the Company's Registered Office with their Ledger Folio Number(s).
8. Members are requested to correspond in all matters regarding transfer, transmission of Shares etc. only at the Registered Office of the Company.

VAMSHI RUBBER LIMITED**EXPLANATORY STATEMENT**

(Pursuant to Section 173 (2) of the Companies Act, 1956)

Item No.4 :

The existing Article 114 provides that Managing Director and Whole-time Directors of the Company shall not be liable to retire by rotation. Since the majority of directors on the Board are Whole-time Directors, the Board felt that in order to comply with the provision of Section 255 of the Act, the Article 114 should be amended to provide that the office of the Whole-time Director of the Company be liable to determination by retirement, by rotation. The amendment of Articles of Association requires members approval by way of Special Resolution. Hence the resolution is placed before you for approval.

None of the Directors of the Company are concerned or interested in above resolution except as shareholders in general.

Item No. 5 & 6:

Shri M.Keshava Reddy and Shri K.V.Sarma were co-opted by the Board as Directors during the year. In terms of the Articles of Association, their term of office expires at the conclusion of the Annual General Meeting. Notice under section 257 of the Companies Act, 1956 along with the requisite deposit have been received from member proposing the appointment of Shri M.Keshava Reddy and Shri K.V.Sarma as directors of the Company, whose period of office shall be liable to determination of retirement of Directors by rotation. Shri M.Keshava Reddy, Shri K.V.Sarma and Shri M.Ramesh Reddy are deemed to be interested in the resolution. Your Directors recommend the resolutions No.5 and 6 for your approval.

Item No. 7 :

Shri K.V.Sarma was appointed as Whole-time Director by the Board of Directors on 27th April, 1998 for a period of 5 (Five) Years with effect from 1st April, 1998 on the terms and conditions specified in the resolution.

As per the provisions of Schedule XIII of the Companies Act, 1956 approval of the members of the Company is required for appointment of Whole-time Director. Hence the resolution is placed before you for approval.

None of the Directors except Shri K.V.Sarma is interested in the said resolution.

Item No.8 :

Shri M.Ramesh Reddy was appointed as Managing Director of the Company for a period of five years, which term expires on 15th December, 1998. Shri M.Ramesh Reddy has been associated with the Company since its inception and is fairly conversant with all aspects of the management and the affairs of the Company. His experience and qualifications qualify him for an extension of his terms of office as aforesaid.

Due to excellent services put in by him, the Board of Directors at their meeting held on 27th April, 1998 have reappointed him as Managing Director of the Company with effect from 01-04-1998 on the terms and conditions specified in the resolution.

As per the provisions of Section 198, 269, 309 and Schedule XIII of the Companies Act, 1956 approval of the members of the Company is required for re-appointment of Managing Director. Hence the resolution is placed before you for approval.

None of the Directors except Shri M.Ramesh Reddy and Shri M.Keshava Reddy are interested in the said resolution.

VAMSHI RUBBER LIMITED**Item No.9 :**

Shri P.Varun Kumar was appointed as the Whole-time Director of the Company for a period of five years, which term expires on 26-06-1999. Shri P.Varun Kumar has been associated with the Company since its inception and is fairly conversant with all aspects of the management and the affairs of the Company. His experience and qualifications qualify him for an extension of his terms of office as aforesaid.

Due to excellent services put in by him, the Board of Directors at their meeting held on 27th April, 1998 have reappointed him as the Whole-time Director of the Company with effect from 01-04-1998 on the terms and conditions specified in the resolution.

As per the provisions of Section 198, 269, 309 and Schedule XIII of the Companies Act, 1956 approval of the members of the Company is required for re-appointment of Whole-time Director. Hence the resolution is placed before you for approval.

None of the Directors except Shri P.Varun Kumar is interested in the said resolution.

Item No.10 :

Shri R.Surendra Reddy was appointed as the Whole-time Director of the Company for a period of five years, which term expires on 26-06-1999. Shri R.Surendra Reddy has been associated with the Company since its inception and is fairly conversant with all aspects of the management and the affairs of the Company. His experience and qualifications qualify him for an extension of his terms of office as aforesaid.

Due to excellent services put in by him, the Board of Directors at their meeting held on 27th April, 1998 have reappointed him as the Whole-time Director of the Company with effect from 01-04-1998 on the terms and conditions specified in the resolution.

As per the provisions of Section 298, 269, 309 and Schedule XIII of the Companies Act, 1956 approval of the members of the Company is required for re-appointment of Whole-time Director. Hence the resolution is placed before you for approval.

None of the Directors except Shri R.Surendra Reddy is interested in the said resolution.

Item No.11 ::

The Board of Directors at its meeting held on 07/03/1997 appointed Mr.S.Ramachandra Prasad as Whole-time Director not liable to retire by rotation. However the Board thought it fit that the office of the Whole-time Director of the Company be liable to determination by retirement by rotation. The other terms and conditions of his appointment as approved by the members at their meeting held on 29/09/1997 remain same. Hence the resolution is placed before you for approval.

None of the Directors except Shri S.Ramachandra Prasad is interested in the said resolution.

By Order of the Board

for VAMSHI RUBBER LIMITED,

Place : Hyderabad
Dated : 30-07-1998

(M.RAMESH REDDY)
Managing Director

VAMSHI RUBBER LIMITED**DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting the Fourth Annual Report of the Company together with the Audited accounts for the Financial year ended 31st March, 1998.

FINANCIAL RESULTS :

	(Rs.in Lakhs)	
	1997-98	1996-97
Sales & Other Income	921.42	834.99
Operating Profit before Financial Charges and Depreciation	106.07	74.12
Financial Charges	75.82	73.67
Profit before Depreciation	30.25	0.45
Depreciation	29.16	27.35
Prior Period Expenses	1.53	-
Loss Before Tax	(0.44)	(26.90)
Provision for Taxation	0.12	-
Profit/(Loss) brought forward from previous year	(20.15)	6.75
Balance carried forward	(20.71)	(20.15)

OPERATIONS :

Your Directors are pleased to inform you that during the year 1997-98, your Company achieved a turnover of Rs.921.42 Lakhs as against Rs.834.99 Lakhs during 1996-97 with an increase of 10.35%.

The operating profit before financial charges and depreciation is Rs.106.07 lakhs during the year ended 31st March, 1998 as against Rs.74.12 Lakhs during the previous year, registering an increase of 43.92%. During the year your Company earned a net profit of Rs.1.09 Lakhs before prior period expenses as against a loss of Rs.26.90 Lakhs during the previous year. In spite of all round recession in the industry and sluggish market conditions, your Company posted a profit during the year, through cost controls and improved overall efficiencies.

FIXED DEPOSITS :

As on 31st March, 1998 the Company has fixed deposits of Rs.3.89 lacs as against Rs.-Nil- as on 31st March, 1997. There are no overdue deposits and no unclaimed deposits as on 31st March, 1998.

DIRECTORS :

Shri R.Surender Reddy, Directors of the Company will retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

During the year Shri M.Keshava Reddy and Shri K.V.Sarma were appointed as Additional Directors of the Company by the Board in terms of Section 260 of the Companies Act, 1956. They hold office till the conclusion of the forthcoming Annual General Meeting of the Company.

The Company has received notices in terms of Section 257 of the Companies Act, 1956 for reappointment of Shri M.Keshava Reddy and Shri K.V.Sarma as Directors liable to retire by rotation.

At the Board Meeting held on 27-04-1998, Shri K.V.Sarma was appointed as the Whole-time Director (Designated as Director-Operation) of the Company for a period of 5 years with effect from 1st April, 1998.