

# **FIFTH ANNUAL REPORT**

**1998-1999**

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**VAMSHI RUBBER LIMITED**  
(In Collaboration with Hercules Tire & Rubber Co., U.S.A.)

**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

**AUDITORS**

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

**BANKERS**

: State Bank of India  
 Commercial 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**


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### NOTICE

NOTICE is hereby given that the Fifth Annual General Meeting of the Members of **VAMSHI RUBBER LIMITED**, will be held on Thursday the 30th September 1999 at 10.30 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, 1999 and Profit & Loss Account for the year ended 31st March, 1999 along with Auditors' Report and Directors' Report thereon.
2. To appoint a Director in place of Shri M.Ramesh Reddy who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Shri P.Varun Kumar who retires by rotation and being eligible offers himself for reappointment.
4. 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.

By Order of the Board  
for **VAMSHI RUBBER LIMITED**,

Place : Hyderabad  
Dated : 30-07-1999

(**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. Register of Members and Share Transfer Books of the Company will remain closed from 27/09/99 to 30/09/99 (both days inclusive).
3. Members desiring any information as regards the accounts are requested to write to the company at least 7 days in advance before the date of the Annual General Meeting specifying the prints.
4. 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.
5. Members are requested to notify immediately any change in their address to the Company's Registered Office with their Ledger Folio Number(s).
6. 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

## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Fifth Annual Report and the Audited Statement of Accounts for the year ended 31st March, 1999.

**FINANCIAL RESULTS :**

The performance during the period ended 31st March, 1999 has been as under:

	(Rs.in Lakhs)	
	Year ended 1998-99	Year ended 1997-98
Sales & Other Income	937.11	921.42
Operating Profit before Financial Charges and Depreciation	100.46	106.07
Financial Charges	67.88	75.82
Profit before Depreciation	32.58	30.25
Depreciation	30.81	29.16
Prior Period Expenses	---	1.53
Profit/(Loss) before Tax	1.77	(0.44)
Provision for Taxation	0.18	0.12
Profit/(Loss) brought forward from previous year	(20.71)	(20.15)
Balance carried forward	(19.12)	(20.71)

**OPERATIONS :**

During the year your Company achieved a turnover of Rs.937.11 Lakhs as against Rs.921.42 Lakhs during the previous year.

During the year your Company earned a net profit of Rs.1.77 Lakhs as against a loss of Rs.0.44 Lakhs during the previous year. In spite of all round recession in the industry particularly in Rubber 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, 1999 the Company has fixed deposits of Rs.3.89 lacs as against Rs.3.89 lacs as on 31st March, 1998. There are no overdue deposits and no unclaimed deposits as on 31st March, 1999.

**DIRECTORS :**

Shri M.Ramesh Reddy, and Shri P.Varun Kumar, Directors of the company will retire by rotation at the ensuing Annual General Meeting and being eligible, offers themselves for re-appointment.

**AUDITORS :**

M/s.A.M.Reddy & Co., Chartered Accountants, Auditors of the Company retire at the Annual General Meeting and are eligible for reappointment. Members are requested to re-appoint them and to authorise the Board to fix their remuneration.

**PERSONNEL:**

During the period under report there was no employee drawing a remuneration of more than Rs.50,000/- per month or Rs.6,00,000/- per annum as mentioned in Section 217(2A) of the Companies Act, 1956.



## VAMSHI RUBBER LIMITED

### CONSERVATION OF ENERGY, FOREIGN EXCHANGE ETC. :

Information on Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and outgo required to be disclosed under Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988, are provided in the Annexure forming part of this Report.

### Y2K COMPLIANCE:

Your Company has already taken all necessary steps to ensure the completion of Y2K compliance.

### ACKNOWLEDGEMENTS :

The Directors thank the Company's Banker namely State Bank of India and also the Financial Institution viz., Industrial Development Bank of India and officials of concerned Government Departments for their co-operation and continued support to the Company.

The Directors also take this opportunity to express their appreciation for the sincere and dedicated services of the Employees of the Company at all levels.

By Order of the Board  
for VAMSHI RUBBER LIMITED,

Place : Hyderabad  
Dated : 30-07-1999

(M.KESHAV REDDY)  
Chairman

## ANNEXURE TO DIRECTOR'S REPORT

Disclosure of particulars with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo as required under Companies (Disclosure of particulars in the Board of Directors Report) Rules, 1988 :

### I) CONSERVATION OF ENERGY :

- a) Energy Conservation Measures taken :
  - i) Insulation of pipeline and recirculation of heated oil arrangements are done.
- b) Additional investments and proposals, if any, being implemented for reduction in consumption of energy :
  - i) New methods of finishing of tread are being developed to reduce power consumption.
- c) Impact of the measures taken for energy consumption and consequent impact on the cost of production of goods.
  - i) Saving in fuel and power consumption
  - ii) Consistent quality products.
- d) Form for disclosure of particulars with respect to conservation of Energy.



VAMSHI RUBBER LIMITED

## FORM - 'A'

## A) Power &amp; Fuel Consumption :

	CURRENT YEAR	PREVIOUS YEAR
1) Electricity :		
a) Purchased		
Total Amount (Rs.)	32,33,742	31,47,524
Units	8,25,351	7,92,018
Rate per Unit (Rs.)	3.92	3.97
b) Own Generation :		
Through Diesel Generator	64,554	1,63,528
Units		
Unit per Litre of Diesel	2.42	2.03
Cost / Unit (Rs.)	4.03	5.51
2) Furnace Oil (Rs.)	10,77,530	7,23,490

## B) Consumption per unit of production :

Calculation of consumption per unit of production is not possible since no separate account is maintained for each product.

## II) TECHNOLOGY ABSORPTION ADAPTION AND INNOVATION :

- 1) Efforts in brief made towards Technology Absorption adaption and innovation.
  - a) Technology suitable to Indian Condition has been fully absorbed and adapted.
- 2) Benefits derived as a result of the above effect.
  - a) Cost reduction of the product has been achieved.
  - b) Improvement in the quality of the product has been achieved.
- 3) In case of Imported Technology following information may be furnished.
  - a) Technology Imported : Manufacture of Precured Tread Rubber and its allied Products and Retreading Equipment.
  - b) Year of Import : 1995
  - c) Has the Technology been fully absorbed : Yes

## III) FOREIGN EXCHANGE EARNINGS AND OUTGO :

- i) Activities relating to exports initiatives taken : During the year your Company has submitted samples to European Countries and expecting orders during the current year.
  - to increase exports development of new export market for products
- ii) Foreign exchange earned : (Rs.in Lakhs)
  - On account of export sales : 25.50
  - Others : Nil
  - Foreign exchange outgo : 88.79

For and on behalf of the Board

Place : Hyderabad  
Date : 30th July 1999

(M.KESHAV REDDY)  
Chairman



**VAMSHI RUBBER LIMITED**

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A.M.Reddy & Co.,  
Chartered Accountants

10-5-6/B, 2nd Floor  
My Home Plaza,  
Off: 103, Masabtank,  
Hyderabad - 500 028  
Ph: 3316426/3316912

#### **AUDITOR'S REPORT**

To

The Members of VAMSHI RUBBER LIMITED

We have audited the attached Balance-sheet of Vamshi Rubber Limited as at 31st March, 1999 and the Profit and Loss Account for the period ended on that date and annexed thereto and report that :

- 1) As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section-227(4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 & 5 of the said order wherever applicable.
- 2) Further to our comments in the annexure referred to in paragraph 1 above :
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our Audit.
  - b) In our opinion proper Books of Account as required by Law have been kept by the Company so far as it appears from our examination of these books.
  - c) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account.
  - d) In our opinion the Balance Sheet and the Profit and Loss Account complies with the mandatory Accounting Standards referred in Section 211(3C) of the Companies Act, 1956.
  - e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with and subject to the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
    - i) In the case of the Balance-sheet the state of affairs of the Company as at 31st March, 1999 and
    - ii) In the case of Profit and Loss Account of the profit for the year ended on that date.

for A. M. REDDY & CO.,  
Chartered Accountants

Place : Hyderabad  
Date : 31/05/1999.

(A.V.RAMANA REDDY)  
Partner.