

# SIXTH ANNUAL REPORT 1999-2000

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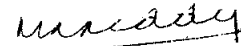


## VAMSHI RUBBER LIMITED

(In Collaboration with HERCULES TIRE & RUBBER CO., U.S.A)

"CERTIFIED TRUE COPY"

*For Vamshi Rubber Ltd.*



*Managing Director.*

BOARD OF DIRECTORS : Sri M.Ramesh Reddy, Chairman & Managing Director  
Sri P.Varun Kumar  
Sri R.Surendra Reddy  
Sri K.V.Sarma  
Sri S.Ramachandra Prasad  
Sri Donald B. Gillespie

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, Himayathnagar  
Hyderabad - 500 029.

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

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**VAMSHI RUBBER LIMITED**

**NOTICE OF ANNUAL GENERAL MEETING**

NOTICE is hereby given that the Sixth Annual General Meeting of the Members of M/s.VAMSHI RUBBER LIMITED, will be held on Friday the 29th Day of September, 2000..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, 2000 and Profit & Loss Account for the year ended 31st March, 2000 along with Auditors' Report and Directors' Report thereon.
2. To appoint a Director in place of Sri S.Ramachandra Prasad 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 authorize the Board to fix their remuneration.

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

Place : Hyderabad  
Dated : 29th July,2000

**(M.RAMESH REDDY)**  
Chairman & 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 27.09.2000 to 29.09.2000 (both days inclusive).
3. 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.
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 on 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 Sixth Annual Report and the Audited Statement of Accounts for the year ended 31st March, 2000.

**FINANCIAL RESULTS :**

The performance during the period ended 31st March, 2000 has been as under:

	(Rs.in Lakhs)	
	Year ended 1999-00	Year ended 1998-99
Sales & Other Income	1631.27	937.11
Operating Profit before Financial	132.54	100.46
Charges and Depreciation		
Financial Charges	60.29	67.88
Profit before Depreciation	72.25	32.58
Depreciation	31.72	30.81
Profit/(Loss) before Tax	40.53	1.77
Provision for Taxation	4.67	0.18
Profit/(Loss) brought forward	(19.12)	(20.71)
from previous year		
Balance carried forward	16.74	(19.12)

**OPERATIONS :**

During the year your Company achieved a turnover of Rs.1631.27 Lakhs as against Rs.937.11 Lakhs in the previous year which recorded a 74% growth Comparing to Previous Year.

During the year your Company earned a net profit of Rs.40.53 Lakhs as against a profit of Rs. 1.77 Lakhs during the previous year which is 23 times higher than Previous year.

**FUTURE OUTLOOK :**

The Company has been striving hard to establish quality of its products. Basing on the high quality, your Company has been able to secure prestigious orders from TNSTC. In order to meet the increasing demand for Company's products, your Directors have taken a decision to go for expansion involving an outlay of Rs.404 Lakhs. The expansion project will be funded partly by a Rupee Term Loan of Rs.300 Lakhs from IDBI and partly by internal accruals of Rs.104 Lakhs. The IDBI has already sanctioned a Rupee Term Loan of Rs.300 Lakhs. The expansion project is likely to be completed by the end of March,2001.

**FIXED DEPOSITS :**

As on 31st March, 2000 the Company has fixed deposits of Rs.3.89 lacs as against Rs.3.89 lacs as on 31st March, 1999. There are no overdue deposits and no unclaimed deposits as on 31st March, 2000.

**AUDITORS' REPORT :**

The observations of the auditors are explained, wherever necessary, in appropriate notes to the accounts.

**DIRECTORS :**

Sri S.Ramachandra Prasad, Director of the Company will retire by rotation at the ensuing Annual General Meeting



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and being eligible, offers himself for reappointment.

During the year, Sri M.Keshav Reddy resigned from the post of Directorship of the Company. Your Directors place on record appreciation for the services rendered by Sri M.Keshav Reddy. In view of the resignation of Sri M.Keshav Reddy from the post of directorship, Sri M.Ramash Reddy has been appointed as the Chairmen of the Board of Directors of the Company.

### 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 reappoint them and to authorize the Board to fix their remuneration.

### EMPLOYEE RELATIONS :

Your Directors are pleased to record their sincere appreciation of the contribution by the workmen and staff at all levels in the improved performance of the Company.

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.

### 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.

### ACKNOWLEDGEMENT :

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.

For and on behalf of the Board

Place : Hyderabad  
Dated : 29th July, 2000

(M.RAMESH REDDY)  
Chairman & Managing Director

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## 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.



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## FORM - 'A'

## A) Power &amp; Fuel Consumption :

	PERIOD ENDED 31/03/00	PERIOD ENDED 31/03/99
1) Electricity :		
a) Purchased Total Amount (Rs.)	50,26,797	32,33,742
Units	12,46,345	8,25,351
Rate per Unit (Rs.)	4.03	3.92
b) Own Generation :	1,87,348	64,554
Through Diesel Generator Units		
Unit per Liter of Diesel	2.46	2.42
Cost / Unit (Rs.)	4.13	4.03
2) L.D.O. (Rs.)	17,46,556	10,77,530

## 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 : During the year your Company has submitted samples to USA & Saudi Arabia and expecting orders during the current year.
  - taken to increase exports, development of of new export market for products
- ii) Foreign exchange earned : (Rs.in Lakhs)
  - On account of export sales : 10.47
  - Others : Nil
  - Foreign exchange outgo : 29.26

For and on behalf of the Board

Place : Hyderabad  
Dated : 29th July, 2000

(M.RAMESH REDDY)  
Chairman & Managing Director