

**VAMSHI RUBBER LIMITED**  
AN ISO 9001:2000 CERTIFIED COMPANY



**Vamshi Rubber Limited**



**15th Annual Report**  
**2008-2009**



VAMSHI RUBBER LIMITED

**BOARD OF DIRECTORS :**

- 1) Sri M. Ramesh Reddy, Chairman
- 2) Sri R. Surendra Reddy, Managing Director
- 3) Sri P. Varun kumar, Director – Finance
- 4) Sri K. V. Sarma, Director – Operations
- 5) Sri S. Ramachandra Prasad, Director
- 6) Sri M. Arun Kumar, Director (upto 31-10-2008)
- 7) Sri A. Vamshidhar Reddy, Director
- 8) Sri A. Venkat Reddy, Director

**AUDITORS :**

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

**STATUTORY COMMITTEES****Audit Committee**

Sri A. Venkat Reddy  
Sri A. Vamshidhar Reddy  
Sri S. Ramachandra Prasad

**BANKERS :**

State Bank of India,  
Commercial Branch,  
Bank Street, Kothi,  
Hyderabad – 500 001

**Remuneration Committee**

Sri S. Ramachandra Prasad  
Sri A. Venkat Reddy  
Sri A. Vamshidhar Reddy

**REGISTERED OFFICE :**

8-2-594/1/A/1, Opp. Hotel Taj Krishna,  
Banjara Hills, Road No.1,  
Hyderabad – 500 034  
Phone : 040-23353280 /23353281  
Fax : 040-23353282  
Email: info@vamshirubber.org

**Share Holders / Investors****Grievance Committee**

Sri. P. Varun Kumar  
Sri A. Vamshidhar Reddy  
Sri A. Venkat Reddy

**FACTORY :**

Survey No. 312/E, Lingojigudem Village,  
Choutuppal Mandal,  
Nalgonda District - 508 252,  
Andhra Pradesh

**Registrars & Share Transfer Agent****CIL SECURITIES LIMITED**

214, Raghava Ratna Towers  
Chirag Ali Lane, Abids,  
Hyderabad - 500 001.

Phone : 040-23203155 / 23202465

Fax : 040-23203028 / 66661267

e-mail : [advisors@cilsecurities.com](mailto:advisors@cilsecurities.com)

[cile@rediffmail.com](mailto:cile@rediffmail.com)

**CONTENTS**

Notice to Share Holders	: 1	Profit & Loss Account	: 24
Directors' Report	: 3	Schedules to Accounts	: 25
Report on Corporate Governance	: 8	Notes on Accounts	: 31
Auditors' Report	: 20	Cash Flow Statements	: 37
Balance Sheet	: 23	Balance Sheet Abstract	: 38



VAMSHI RUBBER LIMITED

### **NOTICE OF ANNUAL GENERAL MEETING**

NOTICE is hereby given that the 15th Annual General Meeting of the Members of **VAMSHI RUBBER LIMITED**, will be held on Tuesday, the 29th day of September, 2009 at 10.30 A.M. at Surana Udyog Auditorium, FAPCCI, Red Hills, Hyderabad to transact the following business:

#### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March 2009 and Profit & Loss Account for the year ended 31st March 2009 along with Auditors' Report and Directors' Report thereon.
2. To consider and declare dividend on equity shares for the financial year ended 31st March 2009.
3. To appoint a Director in place of Sri A. Vamshidhar Reddy, who retires by rotation and being eligible offers himself for re-appointment.
4. To re-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 : 25<sup>TH</sup> July, 2009

(**R.SURENDRA REDDY**)  
Managing Director

#### **NOTES:**

1. A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote, on a poll 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 Register of Members and Share Transfer Books of the Company will remain closed from 24-09-2009 to 29-09-2009 (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 at least 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.



---

**VAMSHI RUBBER LIMITED**

5. Members/Beneficial Owners are requested to advise immediately any change in their address to Registrar and Transfer Agent quoting their registered folio number/Client ID.
6. Members/Beneficial Owners/Proxies should bring the attendance slips duly filled in for attending the meeting.
7. Dividend upon its declaration at the meeting will be paid to those members whose names appear:
  - (i) As members on the Register of Members of the Company as on 29<sup>th</sup> September 2009 after giving effect to all valid share transfers in physical form which would be received by the Company up to the closing hours of the business as on 23rd September 2009.
  - (ii) As beneficial owners as per list to be furnished by NSDL/CDSL as at the closing hours of the business on 23rd September 2009.
8. Members holding shares in physical form are requested to intimate the following directly to the Company's Registrar and Share Transfer Agent M/s. CIL Securities Limited, 214, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad – 500 001.
  - (a) Bank Mandate with full particulars for remittance of dividend directly into their bank accounts, if declared at the meeting.
  - (b) Changes, if any, in their address at an early date.
  - (c) Apply for consolidation of folios, if shareholdings are under multiple folios.
  - (d) Send their share certificates for consolidation.
  - (e) Request for nomination forms for making nominations as per amended provisions of the Company Act, 1956.
9. Electronic Clearing Service (ECS) facility: With respect to payment of dividend, the Company provides the facility of ECS to shareholders residing in all major cities and towns. Shareholders holding shares in the physical form, who now wish to avail ECS facility are requested to forward their ECS mandate in the prescribed form to Company's Registrar and Share Transfer Agent M/s. CIL Securities Limited, 214, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad – 500 001.
10. Shareholders who have not encashed their dividend warrants may please be noted the unclaimed dividend for the year 2007-08 will be transferred to Investor Education Protection Fund, at the end of the Seventh Year.

**Brief profile of Directors Retiring at this AGM is given in Corporate Governance Report**





VAMSHI RUBBER LIMITED

## DIRECTORS' REPORT

**Dear Members,**

Your Directors have pleasure in presenting the Fifteenth Annual Report and the Audited Statement of Accounts for the year ended 31st March, 2009.

### **FINANCIAL RESULTS:**

The performance during the period ended 31<sup>st</sup> March 2009 has been as under :

(Rs. In Lakhs)

For the year ended	31 <sup>st</sup> March 2009	31 <sup>st</sup> March 2008
Sales & Other Income	5,512.25	5,123.82
Operating profit before Financial Charges & Depreciation	308.17	401.00
Financial Charges	120.94	82.77
Profit before Depreciation	187.23	318.23
Depreciation	70.43	53.51
Profit / (Loss) before taxes	116.80	264.72
Prior Period Expenses	0.91	1.48
Provision for Taxation	18.61	42.49
Excess Income Tax Provision Written Back	-5.67	-
Deferred Tax for the Current Year	1.60	31.35
Fringe Benefit Tax	2.09	2.82
Net profit after taxes	99.26	186.58
Profit/(Loss) brought forward from previous year	227.42	65.46
Dividend (including tax on Dividend)	24.61	24.61
Balance of profit brought forward	302.08	227.43

### **OPERATIONS:**

During the year under review, the gross revenue of the Company increased to Rs. 5,512.25 Lakhs compared to Rs. 5,123.82 Lakhs in the previous year, registering a growth of 8%. The Profit after tax for the year decreased by 47% to Rs.99.26 Lakhs compared to Rs.186.58 Lakhs in the previous year reduced because of abnormal changes in raw material prices due to market recession.

### **FUTURE OUTLOOK:**

As our Country is undergoing excellent growth in infrastructure sector especially roads, the potential for new tyres and thereby our products of tyre retreading materials is also very immense. With improvement in Roads, radialisation of tyres is taking place at a rapid pace which again will be beneficial for our industry. We are expecting a growth of 5% to 10% during the financial year 2009-2010.

### **DIVIDEND:**

The Board of Directors recommended a dividend of five paise per Equity Share for the financial year ended 31<sup>st</sup> March 2009, which if approved at the forthcoming Annual General Meeting on 29th September 2009, will be paid to those shareholders whose names appear in the Register of Members as at the closing hours of business on 23<sup>rd</sup> September 2009. In respect of shares held in electronic form, the dividend will be paid on the basis of beneficial ownership furnished by Depositories viz., NSDL and CDSL for this purpose. The Register of Members and Share Transfer Books will remain closed from 24<sup>th</sup> September 2009 to 29<sup>th</sup> September 2009 (both days inclusive)




---

**VAMSHI RUBBER LIMITED**
**FIXED DEPOSITS:**

Your Company has not invited any deposits from the Public nor outstanding for the year under review within the meaning of Section 58A of the Companies Act, 1956 and the rules made there under.

**INTERNAL CONTROL SYSTEMS:**

Your Company has well established procedures for internal control across its various locations, commensurate with its size and operations. The organization is adequately staffed with qualified and experienced personnel for implementing and monitoring the internal control environment. The internal audit function is adequately resourced commensurate with the operations of the Company and reports to the Audit Committee of the Board.

**INSURANCE:**

The Properties and assets of your Company are adequately insured.

**CORPORATE GOVERNANCE:**

The Company has been in full compliance with the norms of Corporate Governance as outlined in Clause 49 of the Listing Agreement with the Bombay Stock Exchange, Mumbai. A separate report on Corporate Governance is produced as a part of the Annual Report along with the Auditor's Certificate on its compliance. As on date of the Report following are the members of Audit Committee constituted u/s 292 A of the companies act, 1956 and Listing Agreement.

1. A. Venkat Reddy, Chairman
2. A. Vamshidhar Reddy, Member
3. S.Ramachandra Prasad, Member

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

Management Discussion and Analysis Report, pursuant to Clause 49 of the Listing Agreement, forms part of this report and the same is annexed.

**DIRECTORS :**

Board recommended reappointment of Sri A. Vamshidhar Reddy, Director of the Company, who retire by rotation at the Annual General Meeting.

Mr. M. Arun Kumar resigned on his personal grounds as Director of the Company during the year, and the Board wishes to place on record their appreciation for the services rendered by him during his tenure as Director of the Company.

**DIRECTORS REMUNERATION:**

The Remuneration Committee has considered and enhanced Reumneration w.e.f. 1-7-2009 of Sri. R. Surendra Reddy, Managing Director, Sri P.Varun Kumar, Director-Finance and Sri K.V.Sarma, Director-Operations to Rs.1,75,000/- Per Month each including all perquisites which is within the limits as approved by shareholders at their Annual General Meeting held on 29<sup>th</sup> September, 2007.

**ISO 9001- 2000 CERTIFICATION :**

Your Company continues to hold ISO 9001 - 2000 Certification by meeting all the requirements of certification from time to time.

**AUDITORS :**

M/s. A.M.Reddy & Co., Chartered Accountants, Auditors of the Company retires at the Annual General Meeting and the Company has received certificate from them to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. Members are requested to re-appoint them and to authorize the Board to fix their remuneration.



VAMSHI RUBBER LIMITED

**AUDITORS' REPORT :**

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

**DIRECTORS' RESPONSIBILITY STATEMENT AS REQUIRED UNDER SECTION 217(2AA) OF THE COMPANIES ACT, 1956:**

In compliance of section 217 (2AA), as incorporated by the Companies (Amendment) Act, 2000, in the Companies Act, 1956, your directors confirm: -

- a) that in the preparation of the accounts for the financial year ended 31st March, 2009 the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were 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 financial year and of the profit or loss 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 accounts for the financial year ended 31st March 2009 on a going concern basis.

**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.

**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.

None of the employees is drawing Rs.2,00,000/- and above per month or Rs.24,00,000/- and above in aggregate per annum, the limits prescribed under Section 217(2A) of the Companies Act, 1956. Hence the information as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is not annexed to this report.

**ACKNOWLEDGEMENTS:**

The Directors thank the Company's Banker State Bank of India, Officials of concerned Government Departments and Share Holders for their co-operation and continued support to the Company.

**For and on behalf of the Board of Directors**

Place : Hyderabad

Dated : 25<sup>th</sup> July, 2009

**(M.RAMESH REDDY)**  
Chairman



VAMSHI RUBBER LIMITED

**ANNEXURE TO DIRECTORS' 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) New Dual Die Press installed for achieving improved efficiency in use of process heat energy.
- b) Impact of the measures taken for energy consumption and consequent impact on the cost of production of goods.
  - i) Yet to be ascertained, since machine was commissioned in March 2009 only.
- c) Form for disclosure of particulars with respect to conservation of Energy.

**FORM - 'A'****A) Power & Fuel Consumption:**

			Period ended 31-03-2009	Period ended 31-03-2008
1		Electricity		
	a)	Purchased		
		Total Amount (Rs)	82,18,840	82,69,226
		Units	20,44,209	20,70,836
		Rate per Unit (Rs)	4.02	3.99
	b)	Own Generation		
		Through Diesel Generator Units	106,862	47,990
		Unit per Litre of Diesel	2.56	1.89
		Cost / Unit (Rs.)	14.07	17.54
2		Thermic Fluid Heaters (Rs.)	88,17,384	85,37,559

**B) Consumption per unit of production:**

Electricity Consumption : 518.15 Kwh/M.T.  
 Fuel Consumption : 67.66 Hrs/M.T.

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

**II) TECHNOLOGY ABSORPTION ADAPTATION AND INNOVATION:**

- 1) Efforts in brief made towards Technology Absorption adaptation and innovation. Technology suitable to Indian conditions 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.






---

**VAMSHI RUBBER LIMITED**

3) In case of Imported Technology following information may be furnished.

- |   |  |
|---|--|
| a) Technology imported                    | : Manufacture of Precured Tread Rubber<br>its Products and retreading equipment. |
| b) Year of Import                         | : 1995   |
| c) Has the technology been fully absorbed | : Yes  |

**III) FOREIGN EXCHANGE EARNINGS AND OUTGO:**

- |  |                 |
|--|-----------------|
| i) Foreign exchange earned<br>on export sales                    | : NIL           |
| ii) Foreign exchange outgo<br>On Import of Machinery Consumables | : Rs. 14,57,093 |

Place : Hyderabad

Dated : 25<sup>th</sup> July, 2009.

**For and on behalf of the Board**

**(M.RAMESH REDDY)**  
Chairman

Report  Junction.com



VAMSHI RUBBER LIMITED

## REPORT ON CORPORATE GOVERNANCE

### 1. Company's Philosophy on Code of Governance

The Company's philosophy of Corporate Governance aims at assisting the management of the Company in the efficient conduct of its business and in meeting its responsibilities to all the stakeholders and to provide customer satisfaction through best quality at lowest price. It is towards this end that efforts are made to maintain high standards of disclosure to the shareholders and internal compliance guidelines for better Corporate Governance.

### 2. Board of Directors

#### a) The Board consists of 7 Members comprising of:

- 1 Non-Independent Non-Executive Director
- 3 Executive Directors
- 3 Independent Non-Executive Directors

#### ATTENDANCE RECORD: 2008-2009

Sl. No.	Name of Director	Category	Designation	No. of Board Meetings attended	Attendance in last AGM held on 23.09.2008
1.	Sri M. Ramesh Reddy	Non-Independent Non-Executive	Chairman	3	Yes
2.	Sri R. Surendra Reddy	Executive	Managing Director	5	Yes
3.	Sri P. Varun Kumar	Executive	Director – Finance	5	Yes
4.	Sri K. V. Sarma	Executive	Director – Operations	5	Yes
5.	Sri S.Ramachandra Prasad	Independent Non-Executive	Director	2	Yes
6.	Sri A.Vamshidhar Reddy	Independent Non-Executive	Director	5	Yes
7.	Sri A.Venkat Reddy	Independent Non-Executive	Director	5	Yes
8.	Sri M.Arun Kumar (upto 31-10-2008)	Independent Non-Executive	Director	3	No