

BOOK-POST



**Vamshi Rubber Limited**

8-2-594/1/A/1, Opp. Hotel Taj Krishna, Banjara Hills,  
Road No.1, Hyderabad – 500 034. A.P.  
e-mail : [info@vamshirubber.org](mailto:info@vamshirubber.org)  
Website : [www.vamshirubber.org](http://www.vamshirubber.org)

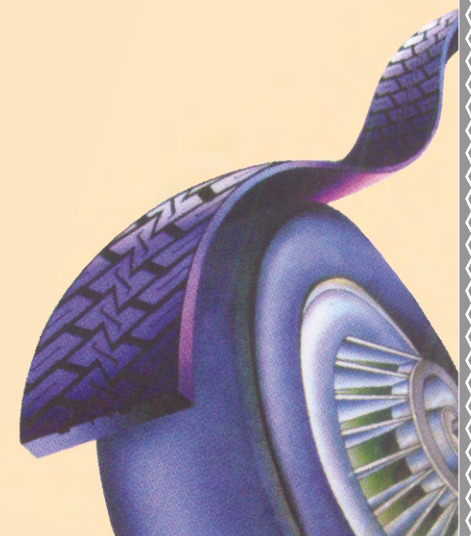
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**VAMSHI RUBBER LIMITED**

AN ISO 9001:2008 CERTIFIED COMPANY

## **17th Annual Report 2010-2011**



**ATTENTION MEMBERS**

1.All Members (both Physical and Demat) are requested to lodge their e-mail ID's along with Name and Folio / Client ID No. at the following address / e-mail to enable us to send all future communications including annual report through e mode

Compliance officer Vamshi Rubber Limited 8-2-594/1/A/1, Opp: Hotel Taj Krishna, Road No.1, Banjara Hills, HYDERABAD – 500 034 Email: info@vamshirubber.org	Registrar & Share Transfer Agent CIL Securities Ltd. 214, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad-500001. Phone: 040-23203155/ 23202465 Fax : 040-23203028 / 6661267 Email:advisors@cilsecurities.com
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2.SEBI has made it mandatory for every participant in the securities/capital market to furnish the details of Income Tax Permanent Account Number (PAN). Accordingly, all the shareholders holding shares in physical form are requested to submit their details of PAN along with photocopy of both sides of PAN card, duly attested to the Registrar and Share Transfer Agent of the company, M/s. CIL Securities Ltd, 214, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad - 500 001.

**NOTICE OF 17th ANNUAL GENERAL MEETING**

NOTICE is hereby given that the 17th Annual General Meeting of the Members of **VAMSHI RUBBER LIMITED**, will be held on Thursday, the 29<sup>th</sup> day of September, 2011 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 31<sup>st</sup> March 2011 and Profit & Loss Account for the year ended 31<sup>st</sup> March 2011 along with Auditors Report and Directors' Report thereon.
2. To consider and declare Dividend on Equity Shares for the financial year ended 31<sup>st</sup> March 2011.
3. To appoint a Director in place of Sri S.Ramachandra Prasad, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Sri A. Vamshidhar Reddy, who retires by rotation and being eligible offers himself for re-appointment
5. To appoint M/s. Ramanareddy & Associates (Formerly A.M. Reddy & Co.,) Chartered Accountants, as 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.



**SPECIAL BUSINESS :**

- 6 To consider and if thought fit to pass, with or without modifications, the following resolution as Ordinary Resolution

“RESOLVED THAT pursuant to the provisions of Section 257 and other applicable provisions (including any modification or re-enactment thereof), if any, of the Companies Act, 1956, and subject to the approval of shareholders in Annual General Meeting, Sri. N. Sundeeep Kumar Reddy, be and is hereby appointed as a Director of the Company whose period of office will be liable to determination by retirement of directors by rotation.”

“RESOLVED FURTHER THAT the Board be and are hereby severally authorized to do all the acts, deeds and things which are necessary to give effect to the above said resolution”.

7. To consider and if thought fit, to pass with or without modifications, the following Resolution as Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 269 read with Schedule XIII of the Companies Act, 1956 and the Articles of Association of the Company and pursuant to the approval of the remuneration committee, approval of members be and is hereby accorded for the appointment Sri. M. Ramesh Reddy, as Executive Chairman of the Company for a period of 5 years, w.e.f 30th July 2011.

RESOLVED FURTHER THAT pursuant to the provisions of Section 198, 309, 310 and 311 and other applicable provisions if any, of the Companies Act, 1956 (including any Statutory modifications or re-enactment thereof, for the time being in force) read with Schedule XIII to the Companies Act, 1956, and pursuant to approval of Remuneration Committee, the consent of the members be and is hereby accorded to the payment Rs. 2,50,000 per month as remuneration to Sri Ramesh Reddy by way of Salary , Dearness Allowance, perquisites and other allowance.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any year, Sri M Ramesh Reddy be paid a minimum remuneration as specified in Part II and Part III of Schedule XIII to the Companies Act, 1956 as in force in each financial year.

RESOLVED FURTHER THAT the terms and conditions may be altered from time to time by the Board as it may in its discretion deem fit within the maximum amount payable to the Executive Chairman in accordance with Schedule XIII to the Act including any amendments thereto.

RESOLVED FURTHER THAT THE Board be and is hereby authorized to do all acts, deeds and things as may be necessary , proper or expedient to give effect to this resolution”

By Order of the Board  
For VAMSHI RUBBER LIMITED,

Place : Hyderabad  
Dated : 30<sup>th</sup> July, 2011

(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 26-09-2011 to 29-09-2011 (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.
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 29th September 2011 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 26<sup>th</sup> September 2011.
  - (ii) As beneficial owners as per list to be furnished by NSDL/CDSL as at the closing hours of the business on 26th September 2011.
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 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, 2008-09 & 2009-10 will be transferred to Investor Education Protection Fund, at the end of the Seventh year.
11. Explanatory Statement as required under Section 173(2) of the Companies Act, is annexed herewith.

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



**VAMSHI RUBBER LIMITED**

## **EXPLANATORY STATEMENT**

**(PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956)**

### **Item No: 6**

Mr. N.Sundeep Kumar Reddy was appointed as additional Director of the Company with effect from 30<sup>th</sup> July 2011 pursuant to section 260 of the Companies Act read with Articles of Association of the Company. Sri. N.Sundeep Kumar Reddy holds office upto the date of Annual General Meeting. The company has received notice in writing from the Director alongwith necessary deposit of Rs.500/- proposing his candidature for office of Director under the provisions of Section 257 of the Companies Act, 1956. None of the Directors of the Company, other than Mr. N. Sundeep Kumar Reddy is interested or concerned in the resolution.

The Board accordingly recommends the resolution as set out in Item No: 6 of the notice for approval of the members”

### **Item No: 7**

The Board of Directors of the company at the Board Meeting dated July 30<sup>th</sup> 2011, have appointed Sri M Ramesh Reddy as Executive Chairman of the company for a period of 5 Years w.e.f July 30<sup>th</sup> 2011.

The remuneration Committee of the Board at its meeting held on 30<sup>th</sup> July 2011 has reviewed and recommended an overall remuneration by way of Salary, Dearness Allowance, Perquisites, Commission and other allowances upto a maximum amount equivalent to Rs. 2,50,000 per month.

It has also recommended that:

- i. subject to a limit of Rs.2,50,000 per month towards Salary, Dearness Allowance, Perquisites, and other allowances , the terms and conditions may be altered from time to time by the Board as it may in its discretion deem fit within the maximum amount payable to the Executive Chairman in accordance with Schedule XIII to the Act including any amendments thereto.;
- ii. in the event of the absence in the event of absence or inadequacy of profits in any year, Sri M Ramesh Reddy be paid a minimum remuneration as specified in Part II and Part III of Schedule XIII to the Companies Act, 1956 as in force in each financial year.

The Board has accepted the recommendations of the Remuneration committee and has approved the remuneration as mentioned above for the approval of the members in accordance with the provisions of Sections 198, 269, 309 & 310 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956.

This may be treated as an abstract of the terms and conditions of the engagement of Sri M Ramesh Reddy, Executive Chairman in terms of Section 302 of the Companies Act, 1956.

None of the directors are interested in the above resolution except Sri M Ramesh Reddy.

The Board recommends the resolution set out in item no: 6 of the notice for approval of the members

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

Place : Hyderabad  
Dated : 30<sup>th</sup> July, 2011

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

**DIRECTORS' REPORT**

**Dear Members,**

The Directors have the pleasure of presenting the Seventeenth Annual Report of your company together with the Audited Accounts for the year ended 31st March, 2011.

**FINANCIAL RESULTS:**

The performance during the period ended

(Rs. In Lakhs)

For the year ended	31 <sup>st</sup> March 2011	31 <sup>st</sup> March 2010
Sales & Other Income	7282.86	5,968.14
Operating profit before Financial Charges & Depreciation	520.71	496.22
Financial Charges	110.80	106.71
Profit before Depreciation	409.91	389.51
Depreciation	78.72	78.48
Profit / (Loss) before taxes	331.19	311.03
Prior Period Expenses	0.11	0.08
Provision for Taxation	119.73	105.71
Excess Income Tax Provision Written Back	(0.16)	—
Deferred Tax for the Current Year	(13.53)	10.17
Net profit after taxes	225.05	195.07
Profit/(Loss) brought forward from previous year	448.10	302.08
Dividend (including tax on Dividend)	48.89	49.05
Balance of profit brought forward	624.25	448.09

**OPERATIONS:**

During the year under review, the gross revenue of the Company increased to Rs. 7,282.86 Lakhs compared to Rs. 5,968.14 Lakhs in the previous year, registering a growth of 22%. The Profit after tax for the year increased by 15% to Rs.225.05 Lakhs compared to Rs.195.07 Lakhs in the previous year.

**FUTURE OUTLOOK:**

As the transportation in the country is increasing, the demand for retreading also keeps increasing. Hence we forecast a growth of 10% to 20% during the financial year 2011-2012.

**DIVIDEND:**

The Board of Directors recommended a dividend of Rs.1.00 per Equity Share for the financial year ended 31<sup>st</sup> March 2011, which if approved at the forthcoming Annual General Meeting on 29<sup>th</sup> September 2011, will be paid to those shareholders whose names appear in the Register of Members as at the closing hours of business on 26<sup>th</sup> September 2011. 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 26<sup>th</sup> September 2011 to 29<sup>th</sup> September 2011 (both days inclusive).

**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. The Board of Directors reconstituted the Audit Committee and presently following are the members.

1. Sri A. Venkat Reddy, Chairman
2. Sri A. Vamshidhar Reddy, Member
3. Sri 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 S. Ramachandra Prasad and Sri A. Vamshidhar Reddy, Directors of the Company, who retire by rotation at the Annual General Meeting.

Board has recommended for the appointment of Sri. M.Ramesh Reddy as Executive Chairman.

**ISO 9001- 2008 CERTIFICATION :**

Your Company continues to hold ISO 9001 - 2008 Certification by meeting all the requirements of certification from time to time.

**AUDITORS :**

M/s. Ramana Reddy & Associates (Formerly 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 reappointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. Members are requested to reappoint them and to authorize the Board to fix their remuneration.



**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, 2011 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 2011 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 are drawing Rs.5,00,000/- and above per month or Rs.60,00,000/- 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 namely M/s. 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 : 30<sup>th</sup> July, 2011

**(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) Optimized loading and properly planned preventive maintenance activities on Diesel Generator Sets through continuous monitoring of performance parameters during the period from September-2010 to March-2011.
- b) Impact of the measures taken for energy consumption and consequent impact on the cost of production of goods.
  - i) Cost of internal generation of electrical energy reduced from Rs.18.22 per liter of diesel consumed during the period April-August,2010 to Rs.13.07 per liter of diesel consumed during the period September,2010-March,2011, yielding a net savings of Rs.2.79 Lakhs during 2010-11.
- c) Form for disclosure of particulars with respect to conservation of Energy.

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

			Period ended 31-03-2011	Period ended 31-03-2010
1		Electricity		
	a)	Purchased		
		Total Amount (Rs)	1,20,91,821	91,58,476
		Units	26,79,686	22,93,772
		Rate per Unit (Rs)	4.51	3.99
	b)	Own Generation		
		Through Diesel Generator Units	1,13,968	1,68,720
		Unit per Litre of Diesel	2.55	2.57
		Cost / Unit (Rs.)	15.77	18.50
2		Thermic Fluid Heaters (Rs.)	1,15,75,195	1,02,98,523

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

Electricity Consumption : 655.76 Kwh/M.T.  
 Fuel Consumption : 72.29 Ltrs/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 ADAPTION AND INNOVATION:**

- 1) Efforts in brief made towards Technology Absorption adaptation and innovation.  
 Technology suitable to Indian conditions has been fully absorbed and adopted.
- 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 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 ( in Rs.) :  
 on export sales : Rs. 22,84,124
- ii) Foreign exchange outgo:
  - On Import of Raw Material : NIL
  - On import of Machinery consumables : NIL

Place : Hyderabad

Dated : 30<sup>th</sup> July, 2011.

**For and on behalf of the Board**

**(M.RAMESH REDDY)**  
**Chairman**

**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 8 members comprising of:**

- 4 Executive Directors
- 4 Independent Non-Executive Directors

**ATTENDANCE RECORD: 2010-2011**

Sl. No.	Name of Director	Category	Designation	No. of Board Meetings attended	Attendance in last AGM held on 29.09.2010
1.	Sri M. Ramesh Reddy	Executive	Chairman	5	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	4	No
6.	Sri A.Venkat Reddy	Independent Non-Executive	Director	5	Yes
7.	Sri A.Vamshidhar Reddy	Independent Non-Executive	Director	4	No
8.	Sri N. Sundeep Kumar Reddy	Independent Non-Executive w.e.f. 30-07-2011	Director	NA	NA

**b) Number of other Directorships & Committee Membership/ Chairmanship**

Sl. No.	Name of Director	Other Directorship	Committee Membership	Committee Chairmanship
1.	Sri M. Ramesh Reddy	7	None	None
2.	Sri P. Varun Kumar	0	None	None
3.	Sri K.V. Sarma	1	None	None
4.	Sri R. Surendra Reddy	0	None	None
5.	Sri S.Ramachandra Prasad	1	None	None
6.	Sri A.Vamshidhar Reddy	1	None	None
7.	Sri A.Venkat Reddy	0	None	None
8.	Sri N. Sundeep Kumar Reddy	0	None	None