

VAMSHI RUBBER LIMITED

AN ISO 9001:2008 CERTIFIED COMPANY



Vamshi Rubber Limited

**18th Annual Report
2011-2012**

**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 A. Vamsheedhar Reddy, Director
- 7) Sri A. Venkat Reddy, Director
- 8) Sri N. Sundeep Kumar Reddy, Director

AUDITORS :

M/s. Ramana Reddy & Associates
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 :

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

FACTORY :

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

STATUTORY COMMITTEES**Audit Committee**

Sri A. Venkat Reddy, Chairman
Sri A. Vamsheedhar Reddy, Member
Sri S. Ramachandra Prasad, Member

Remuneration Committee

Sri S. Ramachandra Prasad, Chairman
Sri A. Venkat Reddy, Member
Sri A. Vamsheedhar Reddy, Member

Share Holders / Investors**Grievance Committee**

Sri. P. Varun Kumar, Chairman
Sri A. Vamsheedhar Reddy, Member
Sri A. Venkat Reddy, Member
e-mail : grievance@vamshirubber.org

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

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 18th Annual General Meeting of the Members of **VAMSHI RUBBER LIMITED** will be held on Saturday, the 29th day of September, 2012 at 10.00 A.M. at K.L.N. 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 2012 and Profit & Loss Account for the year ended 31st March 2012 along with Auditors's Report and Directors' Report thereon.
2. To consider and declare dividend on equity shares for the financial year ended 31st March 2012.
3. To appoint a Director in place of Sri A.Venkat Reddy, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Sri N Sundeep Kumar Reddy, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint M/s. Ramana Reddy & Associates, Chartered Accountants, Hyderabad 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 modification(s), the following resolution as a Ordinary Resolution:

"RESOLVED THAT pursuant to section 198, 269, 309 and 310, read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and read with Articles of Association of the Company and subject to such other consents, approvals and permissions if any needed, Sri R Surendra Reddy, be and is hereby re-appointed as Managing Director of the company for a period of five years with effect from 1st July 2012, as per the following terms and conditions.

The Company shall pay to the Managing Director in consideration of the performance of his duties a remuneration of Rs.2, 50,000/- Per Month (including all Perquisites)

"FURTHER RESOLVED THAT while calculating the above remuneration, the following be not considered as perquisites:

- a. Payment of Provident Fund contribution, as per Company's Rules.
- b. Payment of Gratuity as per Company Rules.
- c. Payment of Leave Encashment, at the time of termination of services

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

"RESOLVED THAT pursuant to section 198, 269, 309 and 310, read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory



VAMSHI RUBBER LIMITED

modification or re-enactment thereof for the time being in force) and read with Articles of Association of the Company and subject to such other consents, approvals and permissions if any needed, Sri K. Venkateswara Sarma, be and is hereby appointed as Whole Time Director and be designated as Director- Operations of the company for a period of five years with effect from 1st July 2012, as per the following terms and conditions.

The Company shall pay to the Director - Operations in consideration of the performance of his duties a remuneration of Rs.2,50,000/- Per Month (including all Perquisites)

"FURTHER RESOLVED THAT while calculating the above remuneration, the following be not considered as perquisites:

- a. Payment of Provident Fund contribution, as per Company's Rules.
- b. Payment of Gratuity as per Company Rules.
- c. Payment of Leave Encashment, at the time of termination of services

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

"RESOLVED THAT pursuant to section 198, 269, 309 and 310, read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and read with Articles of Association of the Company and subject to such other consents, approvals and permissions if any needed, Sri P. Varun Kumar, be and is hereby re-appointed as Whole Time Director of the company and shall be designated as Director – Finance, for a period of five years with effect from 1st July 2012, as per the following terms and conditions.

The Company shall pay to the Director - Finance in consideration of the performance of his duties a remuneration of Rs.2, 50,000/- Per Month (including all Perquisites)

"FURTHER RESOLVED THAT while calculating the above remuneration, the following be not considered as perquisites:

- a. Payment of Provident Fund contribution, as per Company's Rules.
- b. Payment of Gratuity as per Company Rules.
- c. Payment of Leave Encashment, at the time of termination of services

"RESOLVED FURTHER that the Board of Directors of the Company be and are hereby, severally authorized to do all such act, 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 consideration by it be in the best interest of the Company."

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

Place : Hyderabad
Dated : 10th August, 2012

(R.SURENDRA REDDY)
Managing Director

**NOTES:**

1. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 ("Act") in respect of the business under Item Nos. 6 to 8 above, is annexed hereto. The relevant details as required by Clause 49 of the Listing Agreement entered into with the Stock Exchange, of persons seeking appointment/re-appointment as Directors under Item Nos. 3,4, 6, 7 and 8 of the Notice, are also annexed.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Proxies, in order to be effective, must be received at the Company's Registered Office not less than **FORTY-EIGHT HOURS** before the meeting. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable.
3. Members/proxies should bring duly filled Attendance Slip sent herewith, to attend the meeting.
4. The Register of Director's Shareholding, maintained under Section 307 of the Companies Act, 1956, will be available for inspection by the members at the AGM.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 26th September 2012 to 29th September 2012 (both days inclusive).
6. Members holding shares in dematerialised form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS), mandates, nominations, power of attorney, change of address, change of name and e-mail address, etc., to the Company. Such changes intimated will then be reflected in the Company's records which will help the Company to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to the Company.
7. Consequent up on introduction of Section 109A of the Companies Act, 1956, Shareholders are entitled to make nomination in respect of shares held by them in physical form. Individual shareholder(s) can avail of the facility of nomination by sending their requests in Form 2B, (which will be made available on request to the Registrar and Share Transfer Agent or by email to advisors@cilsecurities.com).
8. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies of the Annual Report to the Meeting. The Company is concerned about the environment and utilizes natural recourses in a sustainable way. The Ministry of Corporate Affairs (MCA), Government of India, has by its circular nos. 17/2011 and 18/2011, dated April 21, 2011 and April 29, 2011 respectively, permitted companies to send official documents to shareholders electronically as part of its Green Initiatives in Corporate Governance. We request you to update your email address with the depository participant to ensure that the Annual Report and other documents reach you on your preferred email account.
9. Members are requested to note that the Company's Equity Shares are compulsorily traded in demat form for the investors, effective from 26th March 2001. Members are requested to open Depository Account in their names with a Depository participant to dematerialize their holdings. This would be necessary for facilitating the transfers of Company's Equity shares in all Stock Exchanges connected to the Depository System.

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

As required by Section 173 of the Companies Act, 1956 ("Act") the following Explanatory Statement sets out all material facts relating to the business mentioned under Item Nos. 6 to 8 of the accompanying Notice:

Item Nos: 6 to 8

The Board of Directors of the Company at their meeting held on 10th August 2012 and subject to the approval of the members has re-appointed Sri R. Surendra Reddy as Managing Director and Sri P. Varun Kumar and Sri K.Venkateswara Sarma as Wholetime Directors for a further period of 5 years from 1st July 2012 on the same terms.

This may be treated as an abstract of the terms and conditions of the re-appointment of Managing and Whole Time Directors in terms of section 302 of the Companies Act, 1956.

In compliance of Clause 49 of the Listing Agreement, the particulars of Sri R.Surendra Reddy and Sri K. Venkateswara Sarma, and Sri P. Varun Kumar, seeking re-appointment are provided in Annexure A. None of the Directors are interested in the above resolution except Sri R.Surendra Reddy, Sri K.Venkateswara Sarma, and Sri P.Varun Kumar.

Your Directors recommend the Resolution for your approval

ANNEXURE A

Details of Directors seeking re- appointment/retiring by rotation and seeking re-appointment:
(In pursuance of Clause 49 of the Listing Agreement)

Name of Director	A. Venkat Reddy	N. Sundee Kumar Reddy	R. Surendra Reddy	P. Varun Kumar	K.Venkateswara Sarma
Date of Birth	15.08.1968	24.05.1983	10.08.1959	03.09.1963	01.09.1961
Date of Appointment/ Re-Appointment	29.09.2010	30.07.2011	01.07.2007	01.07.2007	01.07.2007
Expertise in Specific Functional Area	Corporate Affairs	Business	Tyre Retreading Business	Tyre Retreading Business	Tyre Retreading
Qualifications	B.Sc	B.Tech	B.Tech	M.B.A.	B.Tech
List of other Companies in which directorships is held as on 31.03.2012	NIL	NIL	NIL	NIL	1
Equity Shares held in the Company	NIL	NIL	332543	334456	413371
Relationship between Directors <i>inter-se</i>	NIL	NIL	NIL	NIL	NIL

**DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting the Eighteenth Annual Report and the Audited Statement of Accounts for the year ended 31st March, 2012.

FINANCIAL RESULTS:

The performance during the period ended 31st March 2012 has been as under:

(Rs. In Lakhs)

For the year ended	31 st March 2012	31 st March 2011
Sales & Other Income	8216.68	6624.99
Operating profit before Financial Charges & Depreciation	554.76	512.88
Financial Charges	134.94	100.07
Profit before Depreciation	419.81	412.81
Depreciation	75.46	78.72
Profit / (Loss) before taxes	344.36	334.08
Prior Period Expenses	1.24	3.00
Provision for Taxation	102.82	119.56
Deferred Tax for the Current Year	8.20	(13.53)
Net profit after taxes	232.10	225.05
Profit/(Loss) brought forward from previous year	624.25	448.10
Dividend (including tax on Dividend)	48.89	48.89
Balance of profit brought forward	807.46	624.25

OPERATIONS:

During the year under review, the gross revenue of the Company increased to Rs. 8,216.68 Lakhs compared to Rs. 6,624.99 Lakhs in the previous year, registering a growth of 24%. The Profit after tax for the year increased by 3% to Rs.232.10 Lakhs compared to Rs. 225.05 Lakhs in the previous year.

FUTURE OUTLOOK:

Growth in the economy and improvement of roads leading to more transportation which helps our industry. Moreover radialisation of tyres benefits our company which has better suitable technology. Hence we forecast a growth of 10% to 20% during the financial year 2012-2013.

DIVIDEND:

The Board of Directors recommended a dividend of Rs.1.00 per Equity Share for the financial year ended 31st March 2012, which if approved at the forthcoming Annual General Meeting to be held on 29th September 2012, will be paid to those shareholders whose names appear in the Register of Members as at the closing hours of business on 26th September 2012. 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 26th September 2012 to 29th September 2012 (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.

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:

Approval of the shareholders is being sought for re-appointment of Sri A Venkat Reddy and Sri N Sundeeep Kumar Reddy, who retires by rotation at forthcoming Annual General Meeting of the Company and being eligible, offer themselves for reappointment in accordance with the Articles of Association and Companies Act, 1956.

Approval of the shareholders is also being sought for re-appointment of Sri R. Surendra Reddy as Managing Director and Sri K. Venkateswara Sarma , and Sri P. Varun Kumar, as Whole Time Directors of the Company.

The brief resume of the directors who are to be re-appointed are furnished to the notice of the ensuing Annual General Meeting as Annexure A.

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, Chartered Accountants, Hyderabad 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, 2012 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 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 2012 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.

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 : 10th August, 2012

(M.RAMESH REDDY)
CHAIRMAN

**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:
Overhauled the engines of 380 KVA and 125 KVA D.G.Sets and optimized the load on the D.G.Sets to improve the specific consumption of High Speed Diesel used for operating of the D.G.Sets.
- b) Impact of the measures taken for energy consumption and consequent impact on the cost of production of goods.
- (i) Specific Consumption of 125 KVA D.G.Set improved from 2.28 to 3.03 Kwh / litre. Net savings per annum Rs.3,30,000/-
 - (ii) Specific Consumption of 380 KVA D.G.Set improved from 2.72 to 3.56 Kwh / litre. Net savings per annum Rs.8,60,000/-

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

			Period ended 31-03-2012	Period ended 31-03-2011
1		Electricity		
	a)	Purchased		
		Total Amount (Rs)	1,18,88,675	1,20,91,821
		Units	25,21,208	26,79,686
		Rate per Unit (Rs)	4.72	4.51
	b)	Own Generation		
		Through Diesel Generator Units	3,10,954	1,13,968
		Unit per Litre of Diesel	3.39	2.55
		Cost / Unit (Rs.)	13.54	15.77
2		Thermic Fluid Heaters (Rs.)	1,31,59,159	1,15,75,195

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 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. 59,03,891
- ii) Foreign exchange outgo :
 - On Import of Raw Material : NIL
 - On import of Machinery consumables : NIL

For and on behalf of the Board

Place : Hyderabad
Dated : 10th August, 2012

(M.RAMESH REDDY)
Chairman