

BOOK-POST



## Vamshi Rubber Limited

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## Vamshi Rubber Limited

AN ISO 9001:2008 CERTIFIED COMPANY

MILES & MILES ... OF SUCCESS

**19th Annual Report  
2012-2013**



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**VAMSHI RUBBER LIMITED**

**NOTICE OF ANNUAL GENERAL MEETING**

NOTICE is hereby given that the 19th Annual General Meeting of the Members of **VAMSHI RUBBER LIMITED** will be held on Friday, the 27<sup>th</sup> day of September, 2013 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, 2013 and Profit & Loss Account for the year ended 31<sup>st</sup> March, 2013 along with Auditor's Report and Directors' Report thereon.
2. To consider and declare dividend on equity shares for the financial year ended 31<sup>st</sup> March 2013.
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 statutory auditors and fix their remuneration and for this purpose to consider and if thought fit to pass with or without modifications, the following resolution as an ordinary resolution.

"Resolved that M/s. Ramana Reddy & Associates, Chartered Accountants, Hyderabad, be and are hereby appointed as statutory auditors of the company to hold office until the conclusion of the next Annual General Meeting of the company at a remuneration and its manner of payment to be fixed by the Board of Directors / Committee thereof".

For **VAMSHI RUBBER LIMITED,**

Place : Hyderabad  
Dated : 10<sup>th</sup> August, 2013

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

**NOTES:**

1. 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 48 hours before the meeting. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable.
2. Members/proxies should bring duly filled Attendance Slip sent herewith, to attend the meeting.
3. 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.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 24<sup>th</sup> September 2013 to 27<sup>th</sup> September 2013 (both days inclusive).
5. 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.
6. 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 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](mailto:advisors@cilsecurities.com)).
7. 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.
8. 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.
9. Members desirous of seeking any information on the accounts or operations of the Company are requested to write to the Company at least 10 days prior to the Meeting so that the required information can be made available at the Meeting.



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**VAMSHI RUBBER LIMITED**

- 10 Members holding shares in physical form can avail the nomination facility by filing the Form 2B (in duplicate) as prescribed under the Companies Act, 1956 with the Registrar & Share Transfer Agent and in case of shares held in demat form, the nomination has to be lodged with their respective Depository Participants (DPs).
- 11 Members holding shares in physical form are requested to advise any change of address immediately to the Company's Registrar & Share Transfer Agent. Members holding shares in electronic form must send the advice about the change of address to their respective Depository Participants (DPs) and not to the Company. Non-resident Indian shareholders are requested to inform us immediately the change in the residential status on return to India for permanent settlement.
- 12 Members holding shares under multiple folios are requested to consolidate their holdings, if the shares are held in the same name or in the same order of names.

**ANNEXURE A****Details of Directors retiring by rotation**

(In pursuance of Clause 49 of the Listing Agreement)

<b>Name of Director</b>	<b>S.Ramachandra Prasad</b>	<b>A. Vamshidhar Reddy</b>
Date of Birth	25-12-1949	12-11-1969
Date of Appointment/ Re-Appointment	01-04-1997	29-03-2003
Expertise in Specific Functional Area	Corporate Affairs	Business
Qualification	B.Tech	M.Com
List of other Companies in which directorships is held as on 31.03.2013	1	NIL
Equity Shares held in the Company	NIL	NIL
Relationship between Directors Inter-Se	NIL	NIL

**DIRECTORS' REPORT**

**Dear Members,**

Your Directors have pleasure in presenting the Nineteenth Annual Report and the Audited Statement of Accounts for the year ended 31st March, 2013.

**FINANCIAL RESULTS:**

The performance during the period ended 31<sup>st</sup> March 2013 has been as under:

(Rs. In Lakhs)

For the year ended	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012
Sales & Other Income	8,338.17	8216.68
Operating profit before Financial Charges & Depreciation	410.96	554.76
Financial Charges	128.58	134.94
Profit before Depreciation	282.39	419.81
Depreciation	81.11	75.46
Profit / (Loss) before taxes	201.28	344.36
Prior Period Expenses	(2.83)	1.24
Provision for Taxation	63.51	102.82
Deferred Tax for the Current Year	(9.25)	8.20
Net profit after taxes	149.85	232.10
Profit/(Loss) brought forward from previous year	807.46	624.25
Dividend (including tax on Dividend)	48.89	48.89
Balance of profit brought forward	908.41	807.46

**OPERATIONS:**

During the year under review, the gross revenue of the Company increased to Rs. 8,338.17 Lakhs compared to Rs. 8216.68 Lakhs in the previous year, registering a growth of 1.48%. The Profit after tax for the year decreased by 35.44% to Rs.149.85 Lakhs compared to Rs. 232.10 Lakhs in the previous year.

**FUTURE OUTLOOK:**

Improvement of roads leading to more transportation which helps our industry. Moreover radialisation of tyres benefits our company which has better suitable technology. However as there is sluggishness in the economy, we forecast a growth of 5% to 10% during the financial year 2013-2014.

**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, 2013, which if approved at the forthcoming Annual General Meeting on 27<sup>th</sup> September 2013, will be paid to those shareholders whose names appear in the Register of Members as at the closing hours of business on 24<sup>th</sup> September, 2013. 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, 2013 to 27<sup>th</sup> September, 2013 (both days inclusive).

**DIRECTORS:**

Approval of the shareholders is being sought for re-appointment of Sri. S.Ramachandra Prasad and Sri. A.Vamsheedhar Reddy, who retire 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.

**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.

**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, 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.

**COST AUDIT**

The Company falls under Table II Sl.No.49, Product Code 2037 "RUBBER AND RUBBER PRODUCTS" of MCA Order No. F.No. 52/26/CAB 2010 dated 6th November, 2012 for which Cost Audit is applicable from the financial year commencing from 1<sup>st</sup> April 2013.

The Company has appointed the Cost Auditor M/s. P. Krishna Reddy & Co., Cost Accountants for the financial year 2013-2014, whereas, the Company is unable to file Form 23C for appointment of Cost Auditor, since the Form 23C is not accepting the said order. The Company has raised the issue with the Ministry of Corporate Affairs and also with the Cost Audit branch of MCA, and are awaiting for the updated Form 23C.

**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, 2013 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 2013 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.



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**VAMSHI RUBBER LIMITED**

**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 Bankers 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 : 10<sup>th</sup> August, 2013

**(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:  
In order to optimize consumption of HSD for operation of Thermic Fluid Heaters, thermic fluid pipelines were modified to operate 7 tread rubber presses on 2 heaters instead of on 3 heaters.
- b) Impact of the measures taken for energy consumption and consequent impact on the cost of production of goods.  
Over a 5 months period, from the month of November, 2012 to March 2013, a net saving of Rs. 1,33,565 was achieved due to reduction in consumption of HSD for thermic fluid heaters.

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

			Period ended 31-03-2013	Period ended 31-03-2012
1		Electricity		
	a)	Purchased		
		Total Amount (Rs)	1,55,87,337	1,18,88,675
		Units	21,75,696	25,21,208
		Rate per Unit (Rs)	7.16	4.72
	b)	Own Generation		
		Through Diesel Generator Units	6,81,767	3,10,954
		Unit per Litre of Diesel	3.30	3.39
		Cost / Unit (Rs.)	14.48	13.54
2		Thermic Fluid Heaters (Rs.)	1,60,62,980	1,31,59,159

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

- Electricity Consumption - 644.82 Kwh/M.T.  
Fuel Consumption - 75.96 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 : NIL
- ii) Foreign exchange outgo : NIL
  - On Import of Raw Material : NIL
  - On import of Machinery consumables : NIL

For and on behalf of the Board

Place : Hyderabad  
Dated : 10<sup>th</sup> August, 2013

(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: 2012-2013**

Sl. No.	Name of Director	Category	Designation	No. of Board Meetings attended	Attendance in last AGM held on 29.09.2012
1.	Sri M. Ramesh Reddy	Executive	Chairman	4	Yes
2.	Sri R. Surendra Reddy	Executive	Managing Director	4	Yes
3.	Sri P. Varun Kumar	Executive	Director – Finance	4	Yes
4.	Sri K. V. Sarma	Executive	Director – Operations	4	Yes
5.	Sri S.Ramachandra Prasad	Independent Non-Executive	Director	2	Yes
6.	Sri A.Venkat Reddy	Independent Non-Executive	Director	4	Yes
7.	Sri A.Vamshidhar Reddy	Independent Non-Executive	Director	2	No
8.	Sri N.Sandeep Kumar Reddy	Independent Non-Executive	Director	4	Yes

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

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