

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. Sundeeep 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

**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: 2011-2012

Sl. No.	Name of Director	Category	Designation	No. of Board Meetings attended	Attendance in last AGM held on 29.09.2011
1.	Sri M. Ramesh Reddy	Executive	Chairman	8	Yes
2.	Sri R. Surendra Reddy	Executive	Managing Director	8	Yes
3.	Sri P. Varun Kumar	Executive	Director - Finance	8	Yes
4.	Sri K. V. Sarma	Executive	Director - Operations	8	Yes
5.	Sri S.Ramachandra Prasad	Independent Non-Executive	Director	3	No
6.	Sri A.Venkat Reddy	Independent Non-Executive	Director	5	Yes
7.	Sri A.Vamshidhar Reddy	Independent Non-Executive	Director	3	No
8.	Sri N. Sandeep Kumar Reddy	Independent Non-Executive	Director	3	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	8	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	None	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

**c) Number of Board Meetings held and the date on which held:**

Eight Board Meetings were held during the year. The maximum gap between any two meetings was not more than four months.

The dates on which the Board meetings were held are as follows:

23-04-2011, 28-05-2011, 30-07-2011, 07-10-2011, 07-11-2011, 21-01-2012, 06-02-2012, and 05-03-2012

d) Pecuniary relationship or transactions of Non-Executive Directors:

Apart from receiving director's remuneration, non-executive directors do not have any other material pecuniary relationship or transactions with the company, its promoters or its management which in the judgment of the board may affect independence of judgment of the director.

e) Code of Conduct for the Board & Senior Management Personnel :

The Company has formulated and implemented a Code of Conduct at the meeting of the Board of Directors held on 30th October 2005 for all its Non-Executive Directors and for Executive Directors and Senior Management Personnel of the Company in compliance with Clause 49(l)(D) of the Listing Agreement.

d) CEO/CFO Certification:

As required under Clause 49 of the Listing Agreement with the Stock Exchanges, the Managing Director and Director - Finance have certified to the Board the financial statements for the year ended 31st March, 2012.

3. Audit Committee:

The Audit Committee comprises of Three Non-Executive Directors and is chaired by Sri A. Venkat Reddy. Sri R. Surendra Reddy, Managing Director and Statutory Auditors are permanent invitees to the meetings. Any other person/Executive, wherever necessary, is also required to attend the meetings.

The following are the members of the Audit Committee:

Sl. No.	Name of the Director
1.	Sri A. Venkat Reddy, Chairman
2.	Sri A. Vamsheedhar Reddy, Member
3.	Sri S. Ramachandra Prasad, Member

Role:

The terms of reference of the Audit Committee are as under:

- ❖ Recommending the appointment and removal of external auditors, fixation of audit fee and approval for payment for any other services.
- ❖ Reviewing with the management the annual financial statements, before submission to the Board, focusing primarily on:
 - Any changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgment by management.
 - Qualifications in draft audit report.
 - Significant adjustments arising out of audit.
 - The going concern assumption.
 - Compliance with accounting standards.
 - Compliance with stock exchange and legal requirements concerning financial statements.



- Any related party transactions i.e., transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of company at large.
- ❖ Reviewing the Quarterly and Annual financial statements and submit the same to the Board with recommendations, if any.
- ❖ Discussions with external auditors before the audit commences, nature and scope of audit as well as have post-audit discussions to ascertain any area of concern.
- ❖ Reviewing the Company's financial and risk management policies.
- ❖ To look into the reasons for substantial defaults in the payment to the depositors, debenture-holders, share holders (in case of non-payment of declared dividends) and creditors.
- ❖ The Chairman of the Audit Committee shall attend the Annual General Meeting of the Company to provide any clarifications on matters relating to audit as may be required by the members of the Company.

The Committee met 4 times during the year 2011-12 on 28-05-2011, 30-07-2011, 07-11-2011, and 06-02-2012. The attendance details of the members of the Committee are given below:

Sl. No.	Name of the Director	No. of Meetings attended
1.	Sri A.Venkat Reddy, Chairman	4
2.	Sri A.Vamsheedhar Reddy	1
3.	Sri S. Ramachandra Prasad	3

4. Remuneration Committee:

The Committee was constituted on 30th October 2002 to review the remuneration package of Managing Director/Executive Directors and to recommend suitable revision in the same, if any to the Board of Directors. During the financial year 2011-12, no Committee meeting was held as there was no review of Remuneration of working Directors.

The following is the constitution of the remuneration committee as on 31-03-2012:

1. Sri S. Ramachandra Prasad - Chairman
2. Sri A. Venkat Reddy - Member
3. Sri A.Vamsheedhar Reddy - Member

Remuneration of Directors:

The Company pays remuneration by way of salary, perquisites and other allowances to the Managing Director/Whole-time Directors as approved by the Board and Shareholders of the Company.

The remuneration is fixed considering various factors such as qualification, experience, expertise, and prevailing remuneration in the corporate world, financial position of the Company etc. The remuneration structure comprises of Basic Salary, Commission, perquisites and allowances, Contribution to Provident Fund and other funds in accordance with the Provisions of the Companies Act, 1956. The Non-Executive Director do not draw any remuneration from the Company except sitting fees for each meeting of the Board attended by them.

**VAMSHI RUBBER LIMITED**

(In Rs.)

Sl. No.	Name of the Director	Salary	Perks & other Benefits	Performance Bonus/ Commission	Sitting Fee	Total
1.	Sri M. Ramesh Reddy	8,00,000	21,849	NIL	5,000	8,26,849
2.	Sri R. Surendra Reddy	22,50,000	34,221	NIL	NIL	22,84,221
3.	Sri P. Varun Kumar	22,50,000	20,231	NIL	NIL	22,70,231
4.	Sri K.V. Sarma	22,50,000	53,447	NIL	NIL	23,03,447
5.	Sri S. Ramachandra Prasad	NIL	NIL	NIL	3,000	3,000
6.	Sri A.Venkat Reddy	NIL	NIL	NIL	5,000	5,000
7.	Sri A.Vamsheedhar Reddy	NIL	NIL	NIL	3,000	3,000
8.	Sri N.Sandeep Kumar Reddy	NIL	NIL	NIL	3,000	3,000

5. Shareholders/Investors Grievance Committee:

The Shareholders/Investors Grievance Committee constituted by the Board of Director and comprising of Sri P. Varun Kumar (Chairman) and Sri A.Venkat Reddy and Sri A.Vamsheedhar Reddy, inter-alia oversees the transfer of shares and redressal of Shareholders/Investors Grievances and other complaints.

The total number of complaints received was **THREE** and replied to the satisfaction of shareholders during the year under review was **THREE**. There are no outstanding complaints pending as on 31st March 2012.

The Committee had received **36** requests approved **23** requests for transfer and **42** requests for Dematerialisation of Physical Shares during the year under review. There were no transfers or demat request pending as on 31st March, 2012.

The Board has designated Sri P. Varun Kumar, Director as the Compliance Officer.

6. General Body Meetings:

- a) Location date and time Annual General Meetings held during the preceding three years are given below:

Year	Date	Venue	Time
2010-2011	29-09-2011	Surana Udyog Auditorium, FAPCCI, Red Hills, Hyderabad.	10.30 A.M.
2009-2010	29-09-2010	Surana Udyog Auditorium, FAPCCI, Red Hills, Hyderabad.	10.30 A.M.
2008-2009	23-09-2009	Surana Udyog Auditorium, FAPCCI, Red Hills, Hyderabad.	10.30 A.M.

- b) No special resolution was put through postal ballot last year.
c) The company is proposing to pass a resolution for extending Corporate Guarantee to M/s. Fortune Tire Tech Limited under section 372A of the Companies Act 1956 by way of postal ballot.

7. Disclosures:

There was no materially significant transaction with related parties entered into by the Company with its promoters, Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large. The Register of Contracts contained the transactions in which Directors are interested is placed at the Board Meetings. Disclosures on transactions with related parties as required under Accounting Standard 18 have been incorporated in the notes to the Accounts.

There were no strictures or penalties imposed on the Company by Stock Exchange or Securities and Exchange Board of India (SEBI) or any other statutory authority for non-compliance of any matter related to capital markets, during the last three years.

**8. Means of Communication:**

Quarterly Results	The quarterly results of the Company are generally published in a leading English Newspaper & in a local language Newspaper.
Newspapers in which Published	Business Line (English) and Andhra Prabha (Telugu)
Website where the results and other official news releases are displayed	www.vamshirubber.org

9. The Management Discussion and Analysis Report

A separate Report of Management discussion and analysis is attached as a part of the Annual Report.

10. General Shareholder Information:

- (i) **AGM Date and time** 29th September 2012 at 10.00 a.m.
Venue At K.L.N. Auditorium, FAPCCI, Red Hills, Hyderabad
- (ii) **Financial Calendar**
1st Quarter 1st April to 30th June
2nd Quarter 1st July to 30th September
3rd Quarter 1st October to 31st December
4th & last Quarter 1st January to 31st March
- (iii) **Date of Book Closure** 26-09-2012 to 29-09-2012
(both days inclusive)
- (iv) **Dividend payment** on or before 13th October 2012
- (v) **Listing of**
(1) Equity Shares Bombay Stock Exchange Ltd, Mumbai
Phiroze Jheejheebhoy Towers,
Dalal Street, Mumbai – 400 001
- (2) Listing Fees** Paid to Bombay Stock Exchange for the year 2011-2012
- (vi) **Address of Registered Office** 8-2-594/1/A/1, Opp: Hotel Taj Krishna
Road No.1, Banjara Hills,
Hyderabad – 500 034
- (vii) a) **Stock Exchange Security Code for Equity Shares** 530369
b) **Demat ISIN Number in NSDL & CDSL for Equity Shares** INE380C01014



(viii) Monthly High and Low quotations for shares traded in BSE during the year 2011-2012

Month	High (Rs.)	Low (Rs.)	Volume (Nos)
April 2011	31.00	23.00	1,22,723
May 2011	29.50	23.00	49,146
June 2011	30.10	21.55	39,479
July 2011	28.75	21.40	30,521
Aug, 2011	29.35	20.60	97,898
Sep, 2011	27.10	21.50	29,364
Oct, 2011	33.50	22.15	73,968
Nov, 2011	27.55	19.30	61,008
Dec, 2011	24.75	14.30	39,929
Jan, 2012	24.85	15.10	22,383
Feb, 2012	24.60	18.00	53,171
Mar, 2012	23.80	17.35	47,392

Registrar & Share Transfer Agent: **CIL Securities Limited**
214, Raghava Ratna Towers,
Chirag Ali Lane, Abids, Hyderabad - 500001.

11. Share Transfer System:

All the transfers received are processed and approved by the Seal and Shareholders/Grievance Committee, which normally meets twice a month. Share transfers are registered and returned within 15 days from the date of lodgment if documents are complete in all respect.

12. Shareholding Pattern as on 31st March 2012:

Sl. No.	Category	No. of Shares held	Percentage to Total issued Shares
1.	Promoters	2297142	54.61
2.	Mutual Funds	—	
3.	Banks/FI	—	
4.	Private Corporate Bodies	101058	2.40
5.	Public	1357420	32.26
6.	NRI/OCBs	451180	10.73
	TOTAL	4206800	100.00

13. Distribution Pattern as on 31st March 2012:

Share Holding of nominal value of Rs.10/-	Share Holders		Share Amount	
	Number	% of Total	in Rs.	% of Total
(1)	(2)	(3)	(4)	(5)
Upto - 5000	4704	99.22	12,99,392	30.89
5001 - 10000	14	0.30	1,02,954	2.45
10001 - 20000	4	0.08	62,032	1.47
20001 - 30000	5	0.11	1,12,816	2.68
30001 - 40000	2	0.04	61,880	1.47
40001 - 50000	2	0.04	81,710	1.94
50001 - 100000	3	0.06	1,88,348	4.48
100001 and above	7	0.15	22,97,668	54.62
TOTAL	4741	100.00	4,20,68,000	100.00

**14. Dematerialization of Shares & Liquidity:**

The trading in Company's shares is permitted only in dematerialised form. In order to enable the shareholders to hold their shares in electronic form and to facilitate scripless trading, the Company has enlisted its shares with NSDL and CDSL.

15. Share Dematerialisation Records:

The following data indicates the extent of Dematerialisation of company's shares as on 31st March 2012:

No. of Share holders in dematerialisation form	2717	57.33% of the total number of share holders
No. of Shares in Demat form	3269839	77.73% of the total Share Capital

- 16. Outstanding GDRs/ADRs/Warrant or any convertible instruments, conversion date and likely impact on Equity** : The Company has not issued any of these instruments till date

17. Secretarial Audit for Reconciliation of Capital:

As stipulated by SEBI, a qualified practicing Company Secretary carries out Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchange where the Company's shares are listed. The audit confirms that the total listed and paid-up capital is in agreement with the aggregate of the total number of shares in dematerialized form (held with NSDL and CDSL) and total number of shares in physical form.

- 18. Factory Location** : Survey No.312/E, Lingojigudem Village, Choutuppal Mandal, Nalgonda District – 508 252 Andhra Pradesh.

19. ADDRESS FOR CORRESPONDENCE:

S.No	Shareholders Correspondence for	Addressed to
1.	Transfer/Dematerialization/Consolidation/Split of Shares, Issue of Duplicate Share Certificate, Change of Address of members and beneficial owners and any other query relating to the shares of the Company	CIL Securities Ltd. 214, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad-500001. Phone: 040-23203155 Fax : 040-23203028 Email: advisors@cilsecurities.com
2.	Investor Correspondence/Query on Annual Report	Sri. P. VARUN KUMAR, Director Compliance Officer Vamshi Rubber Ltd 8-2-594/1/A/1, Opp: Hotel Taj Krishna, Road No.1, Banjara Hills, Hyderabad – 500 034. Phone : 040-23353280 / 23353281 Fax : 040-23353282 Email: info@vamshirubber.org



20. Profiles of Directors to be re-appointed on retirement/expiry of term of appointment.

As per Annexure-A to notice of Annual General Meeting.

21. Depository Services:

For guidance on depository services, Shareholders may write to the Company or to the respective Depositories: -

National Securities Depository Ltd.
Trade World, 4th Floor,
Kamala Mills Compound,
Senapati Bapat Marg, Lower Parel,
Mumbai-400013.
Tel : 091-022-24994200
Fax: 091-022-24972993/24976351
Email : info@nsdl.co.in

Central Depository Services (India) Ltd.
Phiroze Jeejeebhoy Towers,
17th Floor, Dalal Street,
Mumbai-400023.
Tel : 091-022-22723333
Fax : 091-022-22723199
Email : investors@cdslindia.com
Website : cdsindia.com

22. Nomination Facility:

Shareholders holding shares in physical form and desirous of making a nomination in respect of their shareholding in the company, as permitted under Section 109A of the Companies Act, 1956, are requested to submit to the Registrar and Share Transfer Agent M/s. CIL Securities Ltd. the prescribed Form 2B for this purpose.

23. Company's Policy on prevention of Insider Trading:

Pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, the Company had framed a Code of Conduct for prevention of insider trading. Sri. P.Varun Kumar, Director had been appointed as the Compliance Officer for the purpose. The code is applicable to all such employees of the Company who are expected to have access to the unpublished price sensitive information relating to the Company and the same is being implemented as a self-regulatory mechanism.

DECLARATION UNDER CODE OF CONDUCT

As required under Clause 49(1D) of the Listing Agreement, it is hereby declared that the Company has obtained confirmation from all the Board Members and Senior Management Personnel of the Company for the compliance of the Code of Conduct of the Company for the year 2011-12.

Place: Hyderabad
Date: 10th August, 2012

(R.SURENDRA REDDY)
Managing Director

**CERTIFICATION BY CEO & CFO OF THE COMPANY**

We, R.Surendra Reddy, Managing Director and P. Varun Kumar, Director - Finance of Vamshi Rubber Limited, to the best of our knowledge and belief certify that:

1. We have reviewed the Balance Sheet, Profit and Loss Account, its schedule & notes to the accounts and cash flow statement for the year ended 31st March 2012 and that to the best of our knowledge and belief:
 - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) these statements together present a true and fair view of the Company's and are in compliance with existing accounting standards, applicable laws and regulations.
2. We also certify, that based on our knowledge and the information provided to us, there are no transactions entered into by the Company during the year which are fraudulent, illegal or violate the Company's code of conduct.
3. We accept the responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or propose to take to rectify these deficiencies.
4. We have indicated to the Auditors and the Audit Committee:
 - a) significant changes in internal control during the year;
 - b) significant changes in accounting policies during the year and that the same have been disclosed in notes to the financial statements; and
 - c) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

Place: Hyderabad
Date: 10th August, 2012

(R.SURENDRA REDDY)
Managing Director

(P. VARUN KUMAR)
Director - Finance



AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

To the Members

Vamshi Rubber Limited

We have examined the compliance of conditions of Corporate Governance by **Vamshi Rubber Limited** for the year ended March 31, 2012, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the Compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the effectiveness with which the management has conducted the affairs of the Company.

For RAMANA REDDY & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Regn. No.003246S

Place: Hyderabad
Date: 10th August, 2012

(CA. RAMANA REDDY A.V.)
PARTNER
Membership No. 024329



MANAGEMENT DISCUSSION & ANALYSIS REPORT**1. INDUSTRY STRUCTURES & DEVELOPMENTS:**

As the transportation is growing rapidly, the prospects for Retreading are also considerably increasing mode. The demand for cost effective Retreading products creates ample scope for good growth to our Company.

2. OPPORTUNITIES & THREATS:

The Company enjoys goodwill from its customers for providing superior quality products. As our marketing network is spread through out the country, vast opportunities are available for increasing our market share. The excess availability of the products in the domestic market is affecting the Company's net realization. The manufacturers of our products by our competitors in the SSI field are posing us a problem with their low prices because of Excise Duty exemption for them. We are able to counter this with our better quality.

3. OUTLOOK:

In order to meet the changing market realities, your Company has been following the philosophy of providing the highest quality products and services at the lowest possible prices. All endeavors are made to achieve possible cost reduction in every area of operations. Your Company's philosophy to provide high class quality products i.e. full value for money, to consumers would greatly benefit in the long run. In the otherwise increasing cost arena, every expense, whether capital or revenue is minutely reviewed to achieve all possible savings.

4. RISKS AND CONCERNS:

The Company's products are largely intended for sale in the domestic market. Apart from normal risks as are applicable to an Industrial Undertaking the Company does not foresee any serious area of concern. The Company is obtaining adequate insurance coverage for its assets at the plant and the field locations etc. The company has no foreign exchange risk coverage due to its limited exposure. Compliance of safety requirements and norms placed by different Government agencies is a top priority of your Management.

6. INTERNAL CONTROL SYSTEMS

The Company has proper and adequate systems of internal controls in order to ensure that all assets are safeguarded against loss from unauthorized use of disposition and that all transactions are authorised, recorded and reported correctly. An Audit Committee headed by a non-executive independent Director is in place to review various areas of the control systems.

7. DISCUSSION OF FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

The details of the financial performance of the Company are appearing in the Balance Sheet, Profit & Loss Account and other financial statements etc. appearing separately. Highlights for the year 2011-12 are as under:

Rs.in Lakhs	
Sales & Other Income	8216.68
Profit before Interest, Depreciation, Voluntary Retirement Absorption & Tax	554.76



The financial performance of the Company has been explained in the Directors' Report of the Company for the year 2011-12 appearing separately.

8. HUMAN RESOURCES:

During the year under review, the Company has undertaken extensive steps in optimizing the manpower at the Plant, corporate office and Field locations. Employee/employer relations were cordial throughout the year. Measures for safety of the employees, training and development continued to receive top priorities.

9. CAUTIONARY STATEMENT:

Certain statement in the Management Discussion and Analysis describing the Company's views about the industry, expectations/predictions, objectives etc, may be forward looking within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed in the statement. Company's operations may inter-alia affect with the supply and demand situations, input prices and their availability, changes in Government regulations, tax laws and other factors such as Industrial relations and economic developments etc. Investors should bear the above in mind.

**AUDITORS' REPORT**

The Members of
M/s. VAMSHI RUBBER LIMITED,
HYDERABAD.

1. We have audited the attached Balance Sheet of M/s. VAMSHI RUBBER LIMITED as at 31st March, 2012, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 of India (the Act) and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we set out in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the directors, as on 31st March, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi) In our opinion to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon and attached thereto give in the prescribed manner the information required by the Companies Act, 1956 and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2012;
 - (b) In the case of the Profit and Loss account, of the Profit for the year ended on that date;
 - (c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For RAMANA REDDY & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Regn. No.003246S

PLACE : HYDERABAD.
DATE : 30th May, 2012

(CA. RAMANA REDDY A.V.)
PARTNER
Membership No. 024329

**ANNEXURE TO THE AUDITORS' REPORT**

(Referred to in paragraph (3) of our report of even date)

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) The fixed assets of the company have been physically verified by the management during the year as per a programme of verification, which in our opinion is reasonable having regard to the size of the company and the nature of its fixed assets. No material discrepancies were noticed on such verification.
(c) In our opinion and according to the information and explanations given to us, during the year, the company has not disposed off any substantial part of its fixed assets so as to affect its going concern.
2. (a) The stock of finished goods, raw materials and stores has been physically verified by the management during the year, in our opinion, the frequency of verification is reasonable.
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
(c) On the basis of our examination of records of stocks, in our opinion, the company has maintained proper records of stocks. The discrepancies noticed on physical verification between the physical stocks and the book records were not material.
3. (a) The company has not granted any loans secured or unsecured to companies, firm or other parties listed in the register maintained u/s.301 of the Act.
(b) The company has not taken any interest free loans from companies, firms or other parties listed in the register maintained u/s 301 of the Act.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control commensurate with the size of the company and the nature of its business, for the purchase of stores, raw materials, including components, plant and machinery, equipment and other assets with regard to the sale of goods and services. Further, on the basis of our examination and information and according to the explanations given to us, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control system.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements that need to be entered into the Register maintained under section 301 of Act, have been so entered.
(b) In our opinion, and according to the information and explanations given to us, the company has not made any contracts or arrangements that need to be entered in the register maintained under section 301 of the Act, and exceeding the value of five lakh rupees in respect of any party during the year.
6. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public to which the provisions of section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed thereunder are applicable.
7. In our opinion, the internal audit system of company is commensurate with its size and nature of its business.
8. The maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 to this company.
9. (a) The company is regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, Service tax, custom duty, excise duty, cess and other material statutory dues as applicable to it.
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty, excise duty and cess were

**VAMSHI RUBBER LIMITED**

in arrears, as at 31st March, 2012 for a period of more than six months from the date they became payable.

- (c) According to the information and explanations given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess, which have not been deposited on account of any dispute except for the following dues outstanding of sales tax on account of disputes:

Name of the Statute	Nature of Dues	Amount (in Rs. Lakhs)	Period for which amount relates	Forum where dispute is pending
West Bengal VAT Act, 2003	Sales Tax	7.44	2007-08	Dy. Commissioner of Commercial Taxes, Behala, West Bengal.
AP VAT Act, 2005	Sales Tax	13.52	2005-06 to 2009-10	Appellate Dy. Commissioner (CT), Secunderabad Division, Hyderabad.

10. The company has no accumulated losses as on 31.03.2012 and has not incurred any cash losses during the financial year ended on that date and in the immediately preceding financial year.
11. The company has not defaulted in repayment of dues to any financial institution, bank or debenture holders.
12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to this company.
14. In our opinion, the company is not dealing in or trading in shares, securities, debentures, and other investments. Accordingly, the provisions of clause 4(xiv) of the companies (Auditor's Report) Order, 2003 are not applicable to this company.
15. The company has not given any guarantees for loans taken by others, from banks or financial institutions, the terms and conditions, whereof, in our opinion, are prima facie prejudicial to the interest of the company.
16. In our opinion and according to the information and explanations given to us and on an overall examination, during the year the company has not availed any term loan.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
18. According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act, 1956.
19. According to the information and explanations given to us, during the period covered by our audit report, the company has not issued any debentures.
20. The company has not raised any money by public issue, during the year.
21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For RAMANA REDDY & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Regn. No.003246S

(CA. RAMANA REDDY A.V.)
PARTNER

Membership No. 024329

PLACE : HYDERABAD.

DATE : 30th May, 2012



VAMSHI RUBBER LIMITED

VAMSHI RUBBER LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2012

Particulars	Note No.	AS ON 31/03/2012 Rs.	AS ON 31/03/2011 Rs.
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2	42068000	42068000
(b) Reserves and Surplus	3	82245650	63925356
(2) Non-Current Liabilities			
(a) Long-term borrowings	4	41662706	44434349
(b) Deferred Tax Liabilities (Net)		14424974	13605239
(c) Other Long-Term Provisions	5	4241917	3232539
(3) Current Liabilities			
(a) Short-Term Borrowings	6	128753263	85576001
(b) Trade Payables	7	38787598	33324743
(c) Other Current Liabilities	8	29884964	24378215
(d) Short-Term Provisions	9	5965651	6710820
Total		388034723 =====	317255262 =====
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10	99445327	99644420
(ii) Intangible Assets	11	3949106	3226747
(b) Other Non-Current Assets	12	2757415	1748130
(2) Current assets			
(a) Inventories	13	115304957	113454804
(b) Trade receivables	14	111139033	73248461
(c) Cash and cash equivalents	15	44983201	11211591
(d) Other Current Assets	16	10455684	14721109
Total		388034723 =====	317255262 =====

Notes forming part of the financial statements 1 - 39

Vide our report of even date:

For Ramana Reddy & Associates
Chartered Accountants
Firm Regn. No.003246S

(CA. Ramana Reddy A.V.)
Partner
Membership No. 024329

For and on behalf of the Board

(M. Ramesh Reddy)
Chairman

(R.Surendra Reddy)
Managing Director

Place: Hyderabad
Date : 30th May 2012

(P. Varun Kumar)
Director - Finance



VAMSHI RUBBER LIMITED

VAMSHI RUBBER LIMITED
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars		Note No.	Current Year	Previous Year
			Rs.	Rs.
I.	Revenue from operations	17	819698327	660329303
II.	Other income	18	1969851	2169757
III.	Total Revenue (I + II)		821668178	662499060
IV.	Expenses:			
	Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	19	-1086754	-15019033
	Material Consumed	20	597233211	482678891
	Employee benefit expenses	21	35616168	32020251
	Finance costs	22	13494228	10007377
	Other expenses	23	134429876	111530693
	Depreciation and amortization expenses	10 & 11	7545799	7872485
	Total expenses		787232528	629090664
V.	Profit before exceptional and extraordinary items and tax (III-IV)		34435650	33408396
VI.	Exceptional items	24	124033	300401
VII.	Profit before extraordinary items and tax (V - VI)		34311617	33107995
VIII.	Extraordinary Items		0	0
IX.	Profit before tax (VII - VIII)		34311617	33107995
X	Tax expenses:			
	(1) Current tax		10282340	11956439
	(2) Deferred tax		819735	-1353479
XI.	Profit for the year from continuing operations (XI - X)		23209542	22505035
XII.	Profit from discontinuing operations		0	0
XIII.	Tax expense of discontinuing operations		0	0
XIV.	Profit from discontinuing operations (XII - XIII)		0	0
XV.	Profit for the year (XI + XIV)		23209542	22505035
XVI.	Earnings per equity share:			
	(1) Basic		5.52	5.35
	(2) Diluted		5.52	5.35
Notes forming part of the financial statements		1 - 39		

Vide our report of even date:

For Ramana Reddy & Associates
Chartered Accountants
Firm Regn. No.003246S

(CA. Ramana Reddy A.V.)
Partner
Membership No. 024329

For and on behalf of the Board

(M. Ramesh Reddy)
Chairman

(R.Surendra Reddy)
Managing Director

Place: Hyderabad
Date : 30th May 2012

(P. Varun Kumar)
Director - Finance

**VAMSHI RUBBER LIMITED****CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH 2012.**

	2011-2012 Rs.	2010-2011 Rs.
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before Tax and Extra-Ordinary items	34311617	33107995
Adjustment for:		
Depreciation & Amortization Expenses	7545799	7872485
Bad Debts written off	1606609	1867790
Loss on Sale of Fixed Assets	101992	289757
Exchange Variation	2455289	1036411
Interest	45115	11080356
Operating Profit before working Capital Changes	46066421	55254794
Adjustment for:		
Increase/(Decrease) in Other Non-Current Assets	-1009285	0
Increase/(Decrease) in Inventories	-1850153	-23110264
Increase/(Decrease) in Trade Receivables	-39497181	-17588916
Increase/(Decrease) in Other Current Assets	4133198	30472779
Increase/(Decrease) in Other Long Term Provisions	1009378	0
Increase/(Decrease) in Short Term Borrowings	40721973	-7869605
Increase/(Decrease) in Trade Payables	5462855	15166054
Increase/(Decrease) in Other Current Liabilities	5506749	-842029
Increase/(Decrease) in Short Term Provisions	-59689	2349099
Direct Taxes Paid (Net)	-10835593	-11956439
Cash generated from operations	3582252	-13379321
Net cash flow from operating activities	49648673	41875473
B) CASH FLOW FROM INVESTING ACTIVITIES		
Realisation from Investments		
Purchase of Tangible Assets	-7469722	-7245622
Purchase of Intangible Assets	-731471	0
Sale of Fixed Assets	30136	380303
Net cash used in Investing Activities	-8171057	-6865319
C) CASH FLOW FROM FINANCIAL ACTIVITIES:		
Proceeds from Long-Term Borrowings	-2771643	-14266324
Interest Paid	-45115	-11080356
Dividend & Tax on Distributed Profits	-4889248	-4905497
Net Cash flow in Financial Activities	-7706006	-30252177
Net Increase/Decrease in Cash and Cash Equivalent	33771610	4757977
Opening Balance of Cash and Cash Equivalent	11211591	6453614
Closing Balance of Cash and Cash Equivalent	44983201	11211591

For and on behalf of the Board

Place : Hyderabad
Date: 30th May, 2012(M. RAMESH REDDY)
Chairman(P. VARUN KUMAR)
Director - Finance(R. SURENDRA REDDY)
Managing Director

We have examined the above Cash Flow Statement of M/s Vamshi Rubber Ltd for the year ended 31st March 2012. The statement has been prepared by the Company in accordance with the requirements of Listing Agreement Clause 32 with Bombay Stock Exchange and is based on and in Agreement with corresponding Profit and loss Account and Balance Sheet of the Company covered by our report of 30th May 2012 to the members of the Company.

For RAMANA REDDY & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Regn. No.003246S

Place : Hyderabad
Date: 30th May, 2012(CA. RAMANA REDDY A.V.)
PARTNER



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE NO.1

DISCLOSURE OF ACCOUNTING POLICIES:

a) BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

- i) The financial statements are prepared under the historical cost convention in accordance with the generally accepted accounting principles in India, the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and relevant presentational requirements of the Companies Act, 1956.
- ii) Accounting policies not specifically referred to otherwise are in consonance with prudent accounting principles.
- iii) All income and expenditure items having material bearing on the financial statements are recognised on accrual basis.

b) FIXED ASSETS

Fixed Assets are stated at acquisition cost (Net of Modvat / cenvat, if any) Including directly attributable cost of bringing them to their respective working conditions for the intended use less accumulated depreciation. All costs, including financing/borrowing cost till commencement of commercial production attributable to the fixed assets have been capitalized.

c) REVENUE RECOGNITION

All revenue income and expenditure are recognized on accrual concept of accounting.

Sale of Precured Tread Rubber

Revenue is recognized when Significant risks and rewards of ownership of goods have passed to the buyer and is disclosed including Sales tax and excluding Excise Duty and returns as applicable.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

d) DEPRECIATION

Depreciation on fixed assets has been provided on straight-line method at the rates specified in Schedule XIV of the Companies Act 1956 on pro-rata basis.

e) INVENTORIES

Inventories are valued at lower of cost or net realizable value. Cost is determined using FIFO method.

f) FOREIGN CURRENCY TRANSACTIONS

Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.

Forward contracts for hedging: The company uses foreign exchange forward contracts to hedge its exposure to movements in foreign exchange rates. The use of these foreign exchange forward contracts reduces the risk or cost to the company and the company does not use the foreign exchange forward contracts for speculation purposes.



The premium arising at the inception of such a forward exchange contract be amortised as expense over the life of the contract

g) INVESTMENTS

Investments made by the company are primarily of long term nature and are value at cost. Provision will be made for decline, other than temporary, in the value of investments.

h) BORROWING COSTS

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as; part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing cost are charged to revenue.

i) EMPLOYEE BENEFITS

Gratuity: Liability towards gratuity is provided on the basis of actuarial valuation made by an independent actuary,

Provident Fund: Contributions paid to the prescribed authority are charged to revenue every year.

Leave Encashment: is at the discretion of the management and is charged to revenue in the year of payment.

j) EARNING PER SHARE

The Company reports its Earnings per Share (EPS) in accordance with Accounting Standard 20 issued by the Institute of Chartered Accountants of India.

k) TAXES ON INCOME

- The current charge for income tax is calculated in accordance with the relevant tax regulations applicable to the company.
- Deferred tax asset and liability is recognized for future tax consequences attributable to the timing differences that result between the profit offered for income tax and the profit as per the financial statements, Deferred tax asset & liability are measured as per the tax rates/laws that have been enacted or substantively enacted by the Balance Sheet date.

l) PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.



VAMSHI RUBBER LIMITED

NOTE NO. 2

	As at 31.03.2012 Rs.	As at 31.03.2011 Rs.
SHARE CAPITAL		
EQUITY SHARE CAPITAL		
Authorised Share Capital		
- 4,50,00,000 Equity Shares of Rs.10/- each	45000000	45000000
Issued, subscribed & fully paid share capital		
- 42,06,800 Equity Shares of Rs.10/- each fully paid up	42068000	42068000
TOTAL	42068000	42068000

List of share holders holding more than 5%

Name of the Share Holder	No.of shares	% of Holding	No.of shares	% of Holding
M. Ramesh Reddy	599850	14.26%	599850	14.26%
K.V.Sharma	413371	9.81%	401185	9.54%
R.Surendra Reddy	332543	7.89%	322543	7.67%
P.Varun Kumar	334456	7.94%	312168	7.42%
The Hercules Tire and Rubber Co., USA	415000	9.85%	415000	9.85%

NOTE NO. 3

RESERVES AND SURPLUS

Capital Reserves	1500000	1500000
Surplus in the Profit & Loss Statement		
Opening Balance	62425356	44809569
Add: Surplus for the year	23209542	22505035
	85634898	67314604
Less: Proposed Dividend	4206800	4206800
Less: Tax on Distributed Profits	682448	682448
	80745650	62425356
TOTAL	82245650	63925356

NOTE NO. 4

LONG TERM BORROWINGS

(A) Secured

Term Loans

From Banks

State Bank of India

0

5070000

(Secured by way of first charge on Fixed Assets)

Terms of repayment 16.90 Lakhs Quarterly Installment

**VAMSHI RUBBER LIMITED**

	As at 31.03.2012 Rs.	As at 31.03.2011 Rs.
Hire Purchase Loans		
From Banks		
HDFC Bank Ltd.,	2359360	0
	-----	-----
	2359360	5070000
	=====	=====
(B) Unsecured		
Deferred Payment Liabilities		
Deferred Sales Tax Liability	39303346	39364349
	-----	-----
	39303346	39364349
	=====	=====
TOTAL	41662706	44434349
	=====	=====

NOTE NO. 5**OTHER LONG TERM PROVISIONS**

Provision For Employee Benefits		
- Gratuity (Unfunded)	4241917	3232539
	-----	-----
TOTAL	4241917	3232539
	=====	=====

NOTE NO. 6**SHORT TERM BORROWINGS****Secured**

Loans Repayable On Demand		
- Working Capital Loan from Banks		
State Bank of India	61950763	85576001
(Secured By Inventory and Book Debts)		
State Bank of India (FCNR)	66802500	0
(Secured By Inventory and Book Debts)		
	-----	-----
TOTAL	128753263	85576001
	=====	=====

NOTE NO. 7**TRADE PAYABLES**

Unsecured, considered good		
Trade Payables	38787598	33324743
	-----	-----
TOTAL	38787598	33324743
	=====	=====



VAMSHI RUBBER LIMITED

NOTE NO. 10 - TANGIBLE ASSETS

(Amount in Rs.)

Particulars	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
	As on 01-04-2011	Additions during the year	Deductions during the year	Total As on 31/03/2012	As on 01/04/2011	For the year	Deletion For the year	As on 31/03/2012	As on 31/03/2012	As on 31/03/2011
Land & Site Development	1183900	0	0	1183900	0	0	0	0	1183900	1183900
Buildings										
Factory Buildings	17830144	40844	0	17870988	8083538	597509	0	8681047	9189941	9746606
Non Factory Buildings	10333815	223420	0	10557235	1309088	170058	0	1479146	9078089	9024727
Plant & Equipment										
Plant And Machinery	114198077	1778259	234002	115742334	45976245	5474911	179560	51271596	64470738	68221832
Electrical Installations	8958603	274026	0	9232629	4599620	428134	0	5027754	4204875	4358983
Lab Equipment	2230631	19885	15637	2234879	1049127	106397	7997	1147527	1087352	1181504
Furniture & Fixtures	3891101	4750	502203	3393648	1854296	247025	491642	1609679	1783969	2036805
Vehicles	3021325	4022600	0	7043925	1243382	294094	0	1537476	5506449	1777943
Office Equipment	2141322	308286	179334	2270274	659779	106094	119849	646024	1624250	1481543
Computers	4987265	337025	1915740	3408550	4890275	112465	1915740	3087000	321550	96990
168776183	7009095	2846916	172938362	69665350	7536687	2714788	74487249	98451113	99110833	
Capital Work In Progress	533587	460627	0	994214	0	0	0	0	994214	533587
Total 169309770	7469722	2846916	173932576	69665350	7536687	2714788	74487249	99445327	99644420	

NOTE NO. 11 - INTANGIBLE ASSETS

(Amount in Rs.)

Particulars	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
	As on 01-04-2011	Additions during the year	Deductions during the year	Total As on 31/03/2012	As on 01/04/2011	For the year	Deletion For the year	As on 31/03/2012	As on 31/03/2012	As on 31/03/2011
Land & Site Development	1183900	0	0	1183900	0	0	0	0	1183900	1183900
Computer Software	0	59128	0	59128	0	9112	0	9112	50016	0
Assets Under Development	3226747	672343	0	3899090	0	0	0	0	3899090	3226747
Total	3226747	731471	0	3958218	0	9112	0	9112	3949106	3226747

**VAMSHI RUBBER LIMITED**

	As at 31.03.2012 Rs.	As at 31.03.2011 Rs.
NOTE NO. 8		
OTHER CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	6710640	6760000
Unpaid Dividends	1075892	916923
Advance from Customers	5140219	3738186
Creditors for Expenses	11222791	6672051
E D on Closing Stock	3090768	4701384
Sales Tax Payable	2644654	1589671
TOTAL	29884964	24378215
	=====	=====

NOTE NO. 9**SHORT TERM PROVISIONS**

(A) Provision for Employee Benefits		
Provision for Bonus	453063	512752
(B) Others (Specify Nature)		
Provision for Income Tax	623340	1308820
(Net of Advance tax payments)		
Provision for Dividend	4206800	4206800
Provision for Tax on Distributed Profits	682448	682448
TOTAL	5965651	6710820
	=====	=====

NOTE NO. 12**OTHER NON CURRENT ASSETS**

Excise Duty Refund Receivable	1748130	1748130
Miscellaneous Expenses	1009285	0
(To the extent not written off or adjusted)		
TOTAL	2757415	1748130
	=====	=====

NOTE NO. 13**INVENTORIES**

(F.G. & WIP Valued at cost or net realisable value whichever is lower)

- Raw Materials And Components (At cost)	21338292	20054430
- Work-in-Progress	24417959	13080617
- Finished Goods	63949722	75963905
- Stock-in-Trade	1041814	888836
- Stores and Spares (At cost)	4557170	3467016
TOTAL	115304957	113454804
	=====	=====

**VAMSHI RUBBER LIMITED**

	As at 31.03.2012 Rs.	As at 31.03.2011 Rs.
NOTE NO. 14		
TRADE RECEIVABLES		
Unsecured, Considered Good		
- Debts outstanding exceeding more than 6 months	2678769	2264939
- Other Debts	108460264	70983522
TOTAL	111139033	73248461
	=====	=====
NOTE NO. 15		
CASH AND CASH EQUIVALENTS		
- Balances With Banks	9835376	11099347
(includes unclaimed dividend for the years 2011-12 Rs.10,75,892/- & 2010-11 Rs.9,16,922/-)		
- Bank Deposits		
Maturity less than a year	35000000	0
Maturity more than a year	45500	45500
- Cash On Hand	102325	66744
TOTAL	44983201	11211591
	=====	=====
NOTE NO. 16		
OTHER CURRENT ASSTS		
Prepaid Expenses	789060	463597
Advance to Suppliers	2375707	962686
Advances Recoverable	848477	863828
Inter Corporate Deposits	0	6083537
Deposits with Govt. Depts.	3568455	3570683
Deposits (Others)	787620	778820
TDS Receivable	29059	148821
Income Tax Refundable A/C	1420488	1420488
Cenvat Receivable	520616	237168
Interest Accrued But Not Due	116202	191481
TOTAL	10455684	14721109
	=====	=====
NOTE NO.17		
	Current	Previous
	Year (Rs.)	Year (Rs.)
REVENUE FROM OPERATIONS		
Sale of products	896837104	726116667
Less: Excise duty	-77138777	-65787364
TOTAL	819698327	660329303
	=====	=====

**VAMSHI RUBBER LIMITED**

	Current Year (Rs.)	Previous Year (Rs.)
NOTE NO.18		
OTHER INCOME		
Interest Income	704183	1992799
Other non-operating income (net of expenses directly attributable to such income)	1265668	176958
TOTAL	1969851	2169757
	=====	=====
NOTE NO.19		
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade		
Closing Stocks:		
Work-in-progress	24417959	13080617
Finished Goods	60858954	71262521
Others	1041814	888835
	86318727	85231973
	=====	=====
Less: Opening Stocks		
Work-in-progress	13080617	14936354
Finished Goods	71262521	54309156
Others	888835	967430
	85231973	70212940
	=====	=====
Change in Inventories	1086754	15019033
	=====	=====
NOTE NO.20		
MATERIALS CONSUMED		
Opening Stocks	20054430	14973360
Add: Purchases	592236764	481998337
	612291194	496971697
Less: Closing Stock	21338292	20054430
	590952902	476917267
Cess on Rubber	1558500	1348500
Testing Charges	5100	5400
Freight & Cartage	4715409	4407724
Service Charges	1300	0
TOTAL	597233211	482678891
	=====	=====

**VAMSHI RUBBER LIMITED**

	Current Year (Rs.)	Previous Year (Rs.)
NOTE NO.21		
EMPLOYEE BENEFITS EXPENSES		
Salaries and incentives	30851662	27451543
Contributions to Provident fund & ESI	2501348	2223251
Superannuation scheme		
Gratuity fund contributions	1099551	741754
Bonus	453063	515334
Staff welfare expenses	710544	1088369
TOTAL	35616168	32020251
	=====	=====
NOTE NO.22		
FINANCE COSTS		
Interest expenses	10993824	8921297
Other borrowing costs	45115	49669
Net gain/loss on foreign currency transactions and translation	2455289	1036411
TOTAL	13494228	10007377
	=====	=====
NOTE NO.23		
OTHER EXPENSES		
a) Other Manufacturing Expenses		
Insurance	262385	378868
Stores Consumed	5454473	4109139
Job work Charges	0	670391
Increase / (Decrease) in Excise Duty Provision on Closing Stock	1610616	-2389309
Packing Material Consumed	4165541	3171773
Power & Fuel	29858421	26122715
Repairs & Maintenance		
- Buildings	113140	570888
- Plant & Machinery	446604	1026259
- Others	20210	36130
b) Administrative and Selling Expenses		
Rent, Rates & Taxes	2937636	2736145
Travelling & Conveyance	4006434	4164630
Postage & Telephone	207525	239132
Insurance	157354	161842
Professional & Legal Expenses	3472436	3133060
Marketing & Service Charges	2642178	2150527
Sales Tax (VAT & CST)	41894286	31799958
Discount & Rebate	12512318	12579804
Freight & Cartage (Outward)	8832585	7902278
Loading & Un-Loading Charges	1258242	1014023

**VAMSHI RUBBER LIMITED**

	Current Year (Rs.)	Previous Year (Rs.)
Bank Charges	1808528	1072979
Managerial Remuneration	7550000	5400000
Managerial Perquisites	129748	94096
Sitting Fees to Directors	19000	19000
Auditors Remuneration	120000	100000
Telephone and Telex Charges	527376	813115
Vehicle Maintenance	683569	574529
Books and Periodicals	8303	8931
Security Charges	792013	695417
Printing and Stationery	208863	416730
Office Maintenance	361748	190361
Electricity Charges	351390	171700
General Expenses	300552	427818
Registration, Licence & Filing Fee	34417	24682
Membership Fee	19127	11000
Bad Debts written off	1606609	1867790
AGM Expenses	54149	64292
Donations	2100	0
TOTAL	134429876	111530693
	=====	=====

NOTE NO.24**EXCEPTIONAL ITEMS**

Prior Period Expenses	22041	10644
Loss on Sale of Assets	101992	289757
TOTAL	124033	300401
	=====	=====

NOTE NO. 25

	Current Year Rs. in Lakhs	Previous Year Rs. in Lakhs
a) Contingent Liabilities not provided for:		
a. Bank Guarantees	1.50	1.50
b. Disputed Sales Liability	20.96	20.96

NOTE NO. 26**b) Excise Duty Refund Receivable**

The company has paid Rs.17.48 lakhs towards the Excise Duty on Finished Products viz., Precured Tread Rubber, Cushion Gum, Vulcanising solution during the period 1995-96, 1996-97 against the show cause notice issued by the Central Excise Department dispute in tariff classification and computation of aggregate value of clearances. The company has filed petition before the Hon'ble High court of Andhra Pradesh and pending for final decision. The amount is treated as Excise duty refund receivable account and shown under the head "other non current assets". The management is confident that the same will be recovered.

**NOTE NO. 27****c) SECURED LOANS:****i. LONG TERM LOAN**

From State Bank of India, Commercial Branch, Bank Street, Koti, Hyderabad is secured by First Charge by deposit of title deeds of the immovable properties and by creation of equitable mortgage on additional properties and guaranteed by four directors of the company in their personal capacity.

ii. SHORT TERM LOANS

From State Bank of India, Hyderabad is secured by hypothecation of Stock of Raw Materials, Work-in-Progress, Finished Goods, Stores & Spares, Book Debts etc., also guaranteed by four Directors of the Company in their personal capacity.

NOTE NO. 28

	Current Year Rs.	Previous Year Rs.
Estimated contracts remaining to be Executed on Capital Account and not Provided for	Nil	Nil

NOTE NO. 29**AUDITORS REMUNERATION:**

Audit Fees	80,000	70,000
Tax Audit	25,000	20,000
Other Services	15,000	10,000
TOTAL	1,20,000	1,00,000

NOTE NO. 30**MANAGERIAL REMUNERATION:**

Remuneration		
- Managing Director	22,50,000	18,00,000
- Whole Time Directors	53,00,000	36,00,000
Perquisites		
- Managing Director	34,221	28,997
- Whole Time Directors	95,527	65,099
TOTAL	76,79,748	54,94,096

NOTE NO. 31

Number of Employees who were in receipt of Rs.60,00,000 or more per annum or Rs.5,00,000 or more per month if employed for a part of the year.

Nil Nil

NOTE NO. 32Expenditure in Foreign Currency:

On Raw Material	NIL	NIL
On Machinery Consumables	NIL	NIL

Earning in Foreign Currency:

Sales	59,03,891	22,84,124
-------	-----------	-----------



NOTE NO. 33

Transactions with the Related Parties pursuant to Accounting Standard 18

Sl.No.	Name	Relationship	Amount involved Rs.	Balance as on 31.03.12 Rs.
	Payment of Remuneration			
1.	M. Ramesh Reddy	Is the Chairman of the Company	8,21,849	58,820
2.	R.Surendra Reddy	Is the Managing Director of the Company	22,84,221	1,46,720
3.	P.Varun Kumar	Is the Director Finance of the Company	22,70,231	1,55,220
3.	K.V.Sarma	Is the Director Operations of the Company	23,03,447	1,60,389

NOTE NO. 34

Earning per Share (EPS) –

The numerators and denominators used to calculate Earning per Share:

Particulars	Current Year	Previous Year
Profit attributable to the Equity Share Holders (Rs.)	2,32,09,542	2,25,05,035
No. of Equity Shares	42,06,800	42,06,800
Nominal Value of Share	10	10
Basing Earnings per Share	5.52	5.35
Diluted Earnings per Share	5.52	5.35

NOTE NO. 35

Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 have been determined based on the information available with the Company and the required disclosures are given below:

	In Rupees	
	2011-12	2010-11
A Principal amount remaining unpaid as on 31 st March	-	-
B Interest due thereon as on 31 st March	-	-
C Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year	-	-
D Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006	-	-
E Interest accrued and remaining unpaid as at 31 st March	-	-
F Further Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	-	-

**NOTE NO.36**

In compliance with the Accounting Standard "AS-22 Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the company has recognized Rs. 8,19,735/- towards deferred tax liability the year 2011 - 12. The major component of deferred tax asset / liability is on account of timing difference in depreciation.

NOTE NO.37

The company has published Quarterly financial results in accordance with the requirements of listing agreement with stock exchange. The recognition and measurement principle as laid down in the Accounting Standard - 25 "Interim Financial Reporting" have been followed in the presentation of these results.

NOTE NO.38

Borrowing costs as per the Accounting Standard AS-16 are attributable to the acquisition or construction of qualifying assets are capitalized Rs. 1,79,833/- as part of the cost of such assets. All other borrowing costs are charged to the profit and loss account Rs.11,89,125/- as incurred.

NOTE NO.39

These financial statements have been prepared in the format prescribed by the Revised Schedule VI to the Companies Act, 1956. Previous year figures have been regrouped wherever if thought necessary in conformity with the current year groupings. Paise have been rounded off to the nearest rupee.

Notes to the financial statements, Cash Flow Statement and statement on accounting policies form an integral part of the balance sheet and profit and loss statement.

SIGNATURES TO NOTES "1" TO "39"

VIDE OUR REPORT OF EVEN DATE**FOR AND ON BEHALF OF THE BOARD**

For Ramana Reddy & Associates
Chartered Accountants
Firm Regn. No.003246S

(M.RAMESH REDDY)
CHAIRMAN

(CA. Ramana Reddy A.V.)
Partner
Membership No. 024329

(R.SURENDRA REDDY)
MANAGING DIRECTOR

Place: Hyderabad
Date : 30th May 2012

(P.VARUN KUMAR)
DIRECTOR- FINANCE

Vamshi Rubber Limited

Regd. Office: 8-2-594/1/A/1, Opp. Hotel Taj Krishna, Banjara Hills, Road No. 1, Hyderabad - 500 034. A.P.,

ATTENDANCE SLIP

18th Annual General Meeting, Saturday the 29th Day of September, 2012

D.P.Id*
Client Id*

Reg. Folio No.

Name & Address of the Share Holder :

No. of share(s) held :

I certify that I am a member/proxy for a member of the company. I hereby record my presence at the 18th Annual General Meeting of the Company being held on Saturday the 29th day of September, 2012 at 10.00 A.M. at KLN Auditorium, FAPCCI, Red Hills, Hyderabad.

** Member's/Proxy's Name in Block Letters

** Member's/Proxy's Signature

Note: Member / Proxy must bring the Attendance Slip to the Meeting and hand it over, duly signed at the registration counter.

* Applicable for Investors holding shares in electronic form.

** Strike out whichever is not applicable



Vamshi Rubber Limited

Regd. Office: 8-2-594/1/A/1, Opp. Hotel Taj Krishna, Banjara Hills, Road No. 1, Hyderabad - 500 034. A.P.,

PROXY FORM

D.P.Id*
Client Id*

Reg. Folio No.

I/We.....

of

being a member/members of M/s. VAMSHI RUBBER LIMITED hereby appoint.....

of

or failing him/her.....

of

as my/our proxy to vote for me/us on behalf at the 18th Annual General Meeting of the Company to be held on Saturday the 29th day of September, 2012 at 10.00 A.M. at KLN Auditorium, FAPCCI, Red Hills, Hyderabad.

Signed this day of 2012



Signature

Note : 1. Proxy need not be a member.

2. Proxy Form, complete in all respects, should reach the Registered Office of the Company, not less than 48 hours before the time of holding of the meeting.

* Applicable for Investors holding shares in electronic form.



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

Website : www.vamshirubber.org