

NINTH ANNUAL REPORT 2002-2003

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VAMSHI RUBBER LIMITED

(IN COLLABORATION WITH HERCULES TIRE & RUBBER CO. U.S.A.)

BOARD OF DIRECTORS :

- 1) Shri M.Ramesh Reddy, Chairman & Managing Director
- 2) Shri P.Varun Kumar
- 3) Shri R.Surendra Reddy
- 4) Shri K.V.Sarma,
- 5) Shri Donald B.Gillespie
- 6) Shri S.Ramachandra Prasad
- 7) Shri E.Mahipal Reddy
- 8) Shri M. Arun Kumar
- 9) Shri A.Vamshidhar Reddy
- 10) Shri A.Venkat Reddy

AUDITORS :

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

STATUTORY COMMITTEES

Audit Committee

Shri E.Mahipal Reddy
Shri A.Venkat Reddy
Shri A.Vamshidhar Reddy

BANKERS :

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

Remuneration Committee

Shri A.Venkat Reddy
Shri E.Mahipal Reddy
Shri M.Arun Kumar

REGISTERED OFFICE :

3-5-612, Himayathnagar
Hyderabad – 500 029.

Share Holders / Investors

Grievance Committee

Shri A.Vamshidhar Reddy
Shri A.Venkat Reddy

FACTORY :

Survey No.312/E, Lingoigudem Village,
Choutuppal Mandal,
Nalgonda District, Andhra Pradesh.

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VAMSHI RUBBER LIMITED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Ninth Annual General Meeting of the Members of **M/s.VAMSHI RUBBER LIMITED**, will be held on Monday, the 29th Day of September, 2003 at 10.30 A.M. at Surana Udyog Auditorium, FAPCCI, Red Hills, Hyderabad to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March 2003 and Profit & Loss Account for the year ended 31st March 2003 along with Auditor's Report and Directors Report thereon.
2. To appoint a Director in place of Shri S. Ramachandra Prasad, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Shri Donald B. Gillespie, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint M/s. A.M. Reddy & Co., Chartered Accountants, Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT Shri E. Mahipal Heddy, who was appointed as an Additional Director under Article 99 of the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company liable to retire by rotation."

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

"RESOLVED THAT Shri M. Arun Kumar, who was appointed as an Additional Director under Article 99 of the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company liable to retire by rotation."

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

"RESOLVED THAT Shri A. Vamshidhar Reddy, who was appointed as an Additional Director under Article 99 of the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company liable to retire by rotation."

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

"RESOLVED THAT Shri A. Venkat Reddy, who was appointed as an Additional Director under Article 99 of the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company liable to retire by rotation."

9. To consider and if thought fit, to pass with or without modification(s) following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310, 314 and other enabling provisions of the Companies Act, 1956, and Schedule XIII of the Companies Act, 1956, Shri M. Ramesh Reddy be and is hereby re-appointed as Managing Director of the Company for a period of 5 years with effect from 01-10-2002 to 30-09-2007 on such remuneration as approved by the Remuneration Committee on 30th October, 2002 and 30th July, 2003 as set out in the explanatory statement."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps expedient to give effect to this resolution."

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

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310, 314 and other enabling provisions of the Companies Act, 1956, and Schedule XIII of the Companies Act, 1956, Shri Varun Kumar be and is hereby re-appointed as Whole-time Director of the Company and shall

**VAMSHI RUBBER LIMITED**

be designated as Director Marketing for a period of 5 years with effect from 01-10-2002 to 30-09-2007 on such remuneration on 30th October, 2002 and 30th July, 2003 as approved by the Remuneration Committee as set out in the explanatory statement."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps expedient to give effect to this resolution."

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

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310, 314 and other enabling provisions of the Companies Act, 1956, and Schedule XIII of the Companies Act, 1956, Shri R. Surendra Reddy be and is hereby re-appointed as Whole-time Director of the Company and shall be designated as Director Franchisee for a period of 5 years with effect from 01-10-2002 to 30-09-2007 on such remuneration as approved by the Remuneration Committee on 30th October, 2002 and 30th July, 2003 as set out in the explanatory statement."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps expedient to give effect to this resolution."

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

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310, 314 and other enabling provisions of the Companies Act, 1956, and Schedule XIII of the Companies Act, 1956, Shri K. Venkateswara Sarma be and is hereby re-appointed as Whole-time Director of the Company and shall be designated as Director-Operation for a period of 5 years with effect from 01-10-2002 to 30-09-2007 on such remuneration as approved by the Remuneration Committee on 30th October, 2002 and 30th July, 2003 as set out in the explanatory statement."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps expedient to give effect to this resolution."

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

"RESOLVED THAT pursuant to the provisions of Section 163 of the Companies Act, 1956, the Company hereby approves that the Register of Members, the Index of Members and other related documents such as original transfer deeds, specimen signature cards, mandates be kept at M/s CIL Securities Limited (Registrar and Share Transfer Agent), at 214, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad-500 001 instead of being kept at the Registered Office of the Company."

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

"RESOLVED THAT subject to provisions of the Companies Act, 1956, Securities Contracts (Regulation) Act, 1956, the Listing Agreements with the Stock Exchanges and Guidelines framed under Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 and all other applicable laws, rules, regulations and guidelines as may be applicable and modifications, if any, made to the above from time to time and subject to such other authorities and such other approvals and sanctions as may be necessary, consent of the members be and is hereby accorded to the Board of Directors of the Company (herein after referred to as the 'Board which expression shall be deemed to include a Committee of Directors duly authorized in this behalf) to get the Company's Equity Shares voluntarily delisted from The Hyderabad Stock Exchange Limited."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds and things as may be necessary for the above purpose and to settle any questions, difficulties or doubt that may arise in this regard"

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

Place : Hyderabad
Dated : 31st July, 2003

(**M.RAMESH REDDY**)
Chairman & Managing Director

**VAMSHI RUBBER LIMITED****NOTES:**

1. A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote, on a poll instead of him/herself and such Proxy need not be a member. The instrument appointing a Proxy should, however, be deposited at the registered office of the Company not less than 48 hours before the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 26.9.2003 to 29.9.2003 (both days inclusive).
3. The Explanatory Statement relating to **Item No.5 to 14** of the Special Business of the Meeting referred to above is annexed to this Notice as required by Section 173(2) of the Companies Act, 1956.
4. Members intending to seek clarifications at the Annual General Meeting concerning the accounts and any aspect of operations of the Company are requested to send their questions in writing to the Secretarial Department so as to reach the Company at least 7 days in advance before the date of the Annual General Meeting, specifying the points.
5. Members are requested to bring Annual Report with them for the Annual General Meeting. No copies of Annual Report will be distributed at the meeting.

6. Members/Beneficial Owners are requested to advise immediately any change in their address to Registrar and Transfer Agent quoting their registered folio number/ Client ID.

7. Members/Beneficial Owners/Proxies should bring the attendance slips duly filled in for attending the meeting.

EXPLANATORY STATEMENT**(PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956)****ITEM NO.5 TO 8 :**

Shri E. Mahipal Reddy, Shri M. Arun Kumar, Shri A. Vamshidhar Reddy and Shri A. Venkat Reddy were co-opted by the Board as Additional Directors during the year. In terms of the Articles No.98 of the Articles of Association of the Company, their terms of office expires at the conclusion of the Annual General Meeting. Notices under section 257 of the Companies Act, 1956 along with the requisite deposit have been received from the members proposing the their appointment as Director of the Company, whose period of office shall be liable to determination of retirement of Directors by rotation. Your Directors recommend the resolutions No.5 to 8 for your approval.

Shri E. Mahipal Reddy, Shri M. Arun Kumar, Shri A. Vamshidhar Reddy and Shri A. Venkat Reddy are deemed to be interested in the resolution.

ITEM NO.9 TO 12 :

Shri M. Ramesh Reddy, Shri Varun Kumar, Shri R. Surendra Reddy and Shri K. Venkateswara Sarma were re-appointed as Managing Director and Whole-time Directors of the Company for a period of five years respectively, which term expired on 31st March, 2003. Shri M. Ramesh Reddy, Shri Varun Kumar, Shri R. Surendra Reddy and Shri K. Venkateswara Sarma, have been associated with the Company since its inception and are fairly conversant with all aspects of the management and the affairs of the Company. Their experience and qualifications qualify them for an extension of their terms of office as aforesaid.

Due to excellent services put in by them, the Board of Directors at their meeting held on 31st October, 2002 have reappointed them as Managing Director and Whole-time Directors of the Company with effect from 1st October, 2002 respectively. The Remuneration Committee in its meeting held on 30th October, 2002 and 30th July, 2003 Approved the remuneration payable to Shri M. Ramesh Reddy, Shri Varun Kumar, Shri R. Surendra Reddy and Shri K. Venkateswara Sarma keeping in view the objectivity of remuneration package payable to Executives while striking a balance between the interest of the Company and the shareholders.

The details of remuneration of the above Directors, as approved by the Remuneration Committee and the Board of Directors, are detailed below:

| NAME OF THE DIRECTOR | SALARY (PER MONTH) FOR THE PERIOD FROM 01-10-2002 TO 31-07-2003 |
|----------------------|--|
| MR.M.RAMESH REDDY | RS.30,000/- |
| MR.MR.VARUN KUMAR | RS.28,000/- |
| MR.R.SURENDRA REDDY | RS.28,000/- |
| MR.K.V.SARMA | RS.28,000/- |
| NAME OF THE DIRECTOR | SALARY (PER MONTH) FOR THE PERIOD FROM 01-08-2003 TO 30-09-2007 |
| MR.M.RAMESH REDDY | Rs.55,000/- |
| MR.MR.VARUN KUMAR | Rs.50,000/- |
| MR.R.SURENDRA REDDY | Rs.50,000/- |
| MR.K.V.SARMA | Rs.50,000/- |



VAMSHI RUBBER LIMITED

PERQUISITES:

In addition to salary as above, the Managing Director and Whole-Time Directors shall be entitled to perquisites as under:

CATEGORY – A

I) HOUSING

The Expenditure incurred by the Company on hiring unfurnished accommodation for the appointee will be subject to 50% of the salary (b) In case the accommodation is owned by the Company, 10% of the Salary of the appointee shall be deducted by the Company (c) In case no accommodation is provided by the Company, the appointee shall be entitled to house rent allowance subject to the ceiling laid down in (a).

II) GAS & ELECTRICITY:

The expenditure incurred by the Company on Gas, Electricity, Water and furnishings shall be valued as per the Income Tax Rules, 1962. This shall however be subject to a ceiling of 10% of the salary of the Managing Director and the Whole-Time Directors.

III) MEDICAL REIMBURSEMENT:

Expenses actually incurred for the Managing Director and the Whole-Time Directors and their families shall be reimbursed subject to a ceiling of one month's salary in a year or three months salary over a period of three years.

IV) LEAVE TRAVEL CONCESSION:

For the Managing Director and Whole-Time Directors and their families once in a year incurred in accordance with any rule specified by the Company.

V) CLUB FEES :

Fees of clubs subject to a maximum of two clubs, provided no life membership or admission fee shall be paid.

VI) PERSONAL ACCIDENT INSURANCE:

Personal Accident Insurance of an amount the annual premium whereof shall not exceed Rs.4,000/-

EXPLANATION: For the purpose of Category 'A', family means the spouse, the dependent children and the dependent parents of the Managing Director and Whole-time Directors.

OVERALL LIMIT: The monetary value of perquisites listed in Category-A at 2(i),(ii),(iii),(iv),(v) and (vi) above shall not exceed an amount equal to the annual salary.

CATEGORY – B

I) PROVIDENT AND SUPERANNUATION FUND :

The Company's contribution to the Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act. The said contribution will not be included in the computation of the ceiling on remuneration.

II) GRATUITY:

Gratuity payable shall not exceed one half month's salary for each completed year of services and will not be included in the computation of the ceiling on remuneration.

CATEGORY-C

I) PROVISION OF CAR AND TELEPHONE:

The Managing Director and the Whole-Time Directors shall be entitled to a motor car for use on Company's business and telephone at residence, however use of car for private purpose and personal long distance calls on telephone shall be billed by the Company to the Managing Director and the Whole-Time Directors.

3) OTHER BENEFITS:

i) Managing Director and Whole-Time Directors shall be entitled to reimbursement of entertainment expenses actually and properly incurred for the business of the Company.

ii) They will not be eligible for any sitting Fees of the Company's Board/Committee Meetings".

As per the provisions of Section 198, 269, 309 and Schedule XIII of the Companies Act, 1956 approval of the members of the Company is required for re-



VAMSHI RUBBER LIMITED

appointment of Managing Director and Whole-time Directors on the remunerations as set out above. Hence the Resolution No.9 to 12 is placed before you for approval.

This along with resolutions may also be treated as abstract pursuant to Section 302 of the Companies Act, 1956.

Shri M. Ramesh Reddy, Shri Varun Kumar, Shri R. Surendra Reddy and Shri K. Venkateswara Sarma shall be deemed to be interested in the said resolutions.

ITEM NO.13 :

SEBI vide its Circular No.D&CC/FITTC/CIR-15/2002 dated 27th December, 2002 have instructed the Companies that the work related to share registry in terms of both physical and electronic should be maintained at a single point either in-house or SEBI registered R & T Agent. Accordingly Company appointed M/s. CIL Securities Limited as Registrar and Transfer Agent to deal with physical transfer of shares in addition to dematerialization/rematerialization of shares of the Company.

According to provisions of Section 163 of the Companies Act, 1956, approval of members is required for keeping of Register of Members and Index of Members at M/s CIL Securities Limited instead of being kept in registered office. Hence the resolution is placed before you for approval.

None of the Directors of the Company are in any way concerned or interested in the resolution.

ITEM NO.14:

Presently, the Company's equity shares are listed at The Hyderabad Stock exchange Limited (HSE) and The Stock Exchange, Mumbai.

With the extensive networking of The Stock Exchange, Mumbai to other cities as well, investors have access to online dealings in the Company's securities across the country.

Over the last few years the Equity Shares of the Company are not actively traded on Hyderabad Stock Exchange. Trading in the Equity shares have been

negligible and even zero. Delisting of the equity shares from the Hyderabad stock exchange would result in administrative convenience and saving in costs on account of listing fees etc. As a part of its cost reduction measures, the Company proposes this enabling resolution, to voluntarily delist its equity shares from The Hyderabad Stock Exchange Limited.

According to SEBI (Delisting of Securities) Guidelines, 2003 the Company can delist from the other Stock Exchange without giving any exit option to shareholders provided it has terminal with the Stock Exchange, Mumbai or National Stock Exchange. Since the Company's equity shares is continued to be listed at the Stock Exchange, Mumbai, it proposes to delist its equity shares from the Hyderabad Stock Exchange Limited without giving any exit opportunity to shareholders.

In line with the SEBI guidelines, members' approval is being sought by a Special Resolution for enabling voluntary de-listing of its equity shares from the said Stock Exchanges.

Your Directors recommend the resolution for your approval.

None of the Directors of the Company are in any way concerned or interested in the resolution.

By Order of the Board
for VAMSHI RUBBER LIMITED,

Place : Hyderabad

(M.RAMESH REDDY)

Dated : 31st July, 2003

Chairman & Managing Director

**VAMSHI RUBBER LIMITED****DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting the Ninth Annual Report and the Audited Statement of Accounts for the year ended 31st March, 2003.

FINANCIAL RESULTS:

The performance during the period ended 31st March 2003 has been as under:

| | Year ended 2002-2003 (Rs.) | Year ended 2001-2002 (Rs.) |
|---|----------------------------------|----------------------------------|
| 1) Sales & Other Income | 22,59,08,970 | 17,01,65,889 |
| 2) Operating Profit Before Financial Charges & Depreciation | 1,56,02,741 | 1,16,87,797 |
| 3) Financial Charges | 79,99,198 | 45,08,952 |
| 4) Profit before Depreciation | 76,03,543 | 71,78,844 |
| 5) Depreciation | 48,18,084 | 37,56,013 |
| 6) Prior Period Expenses | — | — |
| 7) Profit/(Loss) Before Tax | 27,85,459 | 34,22,831 |
| 8) Provision for Taxation | 2,20,171 | 2,61,846 |
| 9) Deferred Tax for the Current Year | 18,34,712 | 16,89,197 |
| 10) Opening Deferred Tax Liability | — | 11,397,911 |
| 11) Excess provision of Deferred Tax Liability no longer required | 16,89,197 | — |
| 12) Deferred Tax Asset for the year 2001-2002 | 46,44,879 | — |
| 13) Profit/(Loss) brought forward from previous year | (40,35,843) | 58,90,280 |
| 14) Balance Carried Forward | 30,28,809 | (40,35,843) |

OPERATIONS:

In spite of economic slow down and adverse market conditions, your Company achieved a turnover of Rs 22,50,17,812 during the year under review as against Rs. 16,99,56,640.

FUTURE OUTLOOK

In the current year, we are mainly putting thrust in Exports to enhance a better realization for our products. In this direction, we have appointed a General Manager exclusively to follow up Export Market.

FIXED DEPOSITS:

Your Company has not invited / accepted any deposits from the Public for the year under review within the meaning of Section 58A of the Companies Act, 1956 and the rules made there under.

DIRECTORS:

Shri S. Ramachandra Prasad and Shri Donald B. Gillespie, Directors of the Company will retire by rotation at the ensuing Annual General Meeting and being eligible, offers themselves for reappointment.

Shri M. Ramesh Reddy, Shri Varun Kumar, Shri R. Surendra Reddy and Shri K. Venkateswara Sarma were reappointed as Managing Director and Whole-time Directors respectively in the Board Meeting held on 31st October, 2002 for a further period of 5 years.

During the year Shri E. Mahipal Reddy, Shri M. Arun Kumar, Shri A. Vamshidhar Reddy and Shri A. Venkat Reddy were appointed as Additional Directors of the Company by the Board in terms of Section 260 of the Companies Act, 1956. They hold the office till the conclusion of the forthcoming Annual General Meeting of the Company. The Company has received notices in terms of Section 257 of the Companies Act, 1956 for appointment of Shri E. Mahipal Reddy, Shri M. Arun Kumar, Shri A. Vamshidhar Reddy and Shri A. Venkat Reddy as Directors liable to retire by rotation.

REMUNERATION COMMITTEE:

The Board of Directors of the Company constituted a Remuneration Committee on 30th July, 2002 to meet the requirement of the amendment made vide notification No. G.S.R.36(e) dated 16th January, 2002 in Part II Section II of Schedule XIII of the Companies Act, 1956. The Board of Directors in their meeting held on 29th March, 2003 reconstituted the Remuneration Committee comprising of the following three Non-Executive Directors:

| | |
|-----------------------|------------|
| Shri A. Venkat Reddy | - Chairman |
| Shri E. Mahipal Reddy | - Member |
| Shri M. Arun Kumar | - Member |

INSURANCE

The Properties and assets of your Company are adequately insured.



VAMSHI RUBBER LIMITED

AUDITORS' REPORT

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

AUDITORS:

M/s.A.M.Reddy & Co., Chartered Accountants, Auditors of the Company retires at the Annual General Meeting and the Company has received certificate from them to the effect that their 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.

MANAGEMENT DISCUSION 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.

CORPORATE GOVERNANCE:

The Company has implemented the Code of Corporate Governance enunciated in Clause 49 of the Listing Agreement. A separate report on Corporate Governance is produced as a part of the Annual Report along with the Auditor's Certificate on its compliance.

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: -

- That in the preparation of the accounts for the financial year ended 31st March, 2003, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 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;
- 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;
- That the directors have prepared the accounts for the financial year ended 31st March 2003 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.

LISTING INFORMATION:

The Equity Shares of your Company continue to be listed during the year under review at (i) The Hyderabad Stock Exchange limited, 3-6-275, Himayathnagar, Hyderabad - 500 029 and (ii) The Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001.

The Company has paid the Annual listing fees to the aforesaid Stock Exchanges.

VOLUNTARILY DELISTING OF EQUITY SHARES:

Presently, the Company's equity shares are listed at The Hyderabad Stock exchange Limited (HSE) and The Stock Exchange, Mumbai. Over the last few years the Equity Shares of the Company are not actively traded on Hyderabad. Trading in the Equity shares have been negligible and even zero. Delisting of the equity shares from this Stock Exchange would result in administrative convenience and saving in costs on account of listing fees etc.

In view of the above it is proposed to voluntarily delist the shares of the Company from Hyderabad stock exchange in pursuance of SEBI (Delisting of Securities) Guidelines, 2003 subject to the approval of shareholders at the ensuing Annual General Meeting of the Company.

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.2,00,000/- and above per month or Rs.24,00,000/- and above in aggregate per annum, the limits prescribed under Section 217(2A) of the Companies Act, 1956. Hence the information as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not annexed to this report.

ACKNOWLEDGEMENTS:

The Directors thank the Company's Banker namely State Bank of India and also the Financial Institution viz., Industrial Development Bank of India and officials of concerned Government Departments for their co-operation and continued support to the Company.

By Order of the Board
For VAMSHI RUBBER LIMITED,

Place : Hyderabad

Dated : 31st July, 2003

(M.RAMESH REDDY)
Chairman & Managing Director



ANNEXURE TO DIRECTOR'S 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:

1) CONSERVATION OF ENERGY :**a) Energy Conservation Measures taken :**

- i) Automatic Central Lubrication system was introduced in Mixing areas to reduce consumption of Lubricating oils.
- ii) Automatic power factor controllers were installed to maintain power factor optimally resulting in reduced consumption of electrical energy

b) Additional investments and proposals, if any, being implemented for reduction in consumption of energy:

- i) M/s. APITCO were engaged for conducting a thorough Energy Audit, Report received and being implemented in phased manner.

c) Impact of the measures taken for energy consumption and consequent impact on the cost of production of goods.

- i) By adding the above Machinery the cost of power consumption per unit has come down inspite increase in power tariff.
- ii) By central lubrication, power consumption has been brought down and reduces machinery wear and tear and lubricant consumption.

d) Form for disclosure of particulars with respect to conservation of Energy.**FORM - 'A'****A) Power & Fuel Consumption :**

| | | | Period ended 31-03-2003 | Period ended 31-03-2002 |
|----|--------------|--------------------------------|----------------------------|----------------------------|
| 1. | Electricity | | | |
| | a) | Purchased | | |
| | | Total Amount (Rs.) | 78,88,704 | 62,81,899 |
| | | Units | 18,05,028 | 14,41,374 |
| | | Rate per Unit (Rs.) | 4.37 | 4.36 |
| | b) | Own Generation | | |
| | | Through Diesel Generator Units | 1,62,195 | 1,19,232 |
| | | Unit per Liter of Diesel | 2.14 | 2.40 |
| | | Cost/ Unit (Rs.) | 8.86 | 7.35 |
| 2. | L.D.O. (Rs.) | | 23,95,688 | 21,19,899 |