

A N I S O 9 0 0 1 : 2 0 0 0 C O M P A N Y

14th Annual Report 2007-2008

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Vamshi Rubber Limited

(In Collaboration with HERCULES TIRE & RUBBER CO. U.S.A.)


VAMSHI RUBBER LIMITED
BOARD OF DIRECTORS :

- 1) Shri M.Ramesh Reddy, Chairman
- 2) Shri R. Surendra Reddy, Managing Director
- 3) Shri P. Varun Kumar, Director - Finance
- 4) Shri K.V.Sarma, Director - Operations
- 5) Shri Donald B.Gillespie, Director
- 6) Shri S.Ramachandra Prasad, Director
- 7) Shri E.Mahipal Reddy, Director (upto 30-7-2008)
- 8) Shri M.Arun Kumar, Director
- 9) Shri A.Vamshidhar Reddy, Director
- 10) Shri A.Venkat Reddy, Director

AUDITORS :

M/S.A.M.Reddy & Co,
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.

FACTORY :

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

STATUTORY COMMITTEES
Audit Committee

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

Remuneration Committee

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

Share Holders / Investors
Grievance Committee

Shri A.Vamshidhar Reddy
Shri A.Venkat Reddy

Registrars & Share Transfer Agent

CIL SECURITIES LTD.

214, Raghava Ratna Towers,
Chirag Ali Lane,
Abids, Hyderabad-500001.

Phone : 040-23203155 / 23202465

Fax : 040-23203028 / 6661267

Email : advisors@cilsecurities.com

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VAMSHI RUBBER LIMITED
NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 14th Annual General Meeting of the Members of **VAMSHI RUBBER LIMITED**, will be held on Tuesday, the 23rd day of September, 2008 at 11-00 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 2008 and Profit & Loss Account for the year ended 31st March 2008 along with Auditors' Report and Directors' Report thereon.
2. To consider and declare dividend on equity shares for the financial year ended 31st March 2008.
3. To appoint a Director in place of Shri S. Ramachandra Prasad, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. Donald B Gillespie, who retires by rotation. As Mr. Donald B Gillespie did not give his consent for reappointment, the board of directors did not recommend any other person as Director of the Company in the vacancy so caused.
5. 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 authorise the Board to fix their remuneration.

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

Place : Hyderabad
Dated : 31st July, 2008

(R.SURENDRA REDDY)
Managing Director

NOTES:

1. A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote, on a poll instead of him/herself and such proxy need not be a member. The instrument appointing a proxy should, however, be deposited at the Registered Office of the Company not less than 48 hours before the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 19-09-2008 to 23-09-2008 (both days inclusive).
3. Members intending to seek clarifications at the Annual General Meeting concerning the accounts and any aspect of operations of the Company are requested to send their questions in writing to the Secretarial Department so as to reach the Company at least 7 days in advance before the date of the Annual General Meeting, specifying the points.



VAMSHI RUBBER LIMITED

4. Members are requested to bring Annual Report with them for the Annual General Meeting. No copies of Annual Report will be distributed at the meeting.
5. Members/Beneficial Owners are requested to advise immediately any change in their address to Registrar and Transfer Agent quoting their registered folio number/Client ID.
6. Members/Beneficial Owners/Proxies should bring the attendance slips duly filled in for attending the meeting.
7. Dividend upon its declaration at the meeting will be paid to those members whose names appear:
 - (i) As members on the Register of Members of the Company as on 23rd September 2008 after giving effect to all valid share transfers in physical form which would be received by the Company up to the closing hours of the business as on 18th September 2008.
 - (ii) As beneficial owners as per list to be furnished by NSDL/CDSL as at the closing hours of the business on 18th September 2008.
8. Members holding shares in physical form are requested to intimate the following directly to the Company's Registrar and Share Transfer Agent M/s. CIL Securities Limited, 214, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad – 500 001.
 - (a) Bank Mandate with full particulars for remittance of dividend directly into their bank accounts, if declared at the meeting.
 - (b) Changes, if any, in their address at an early date.
 - (c) Apply for consolidation of folios, if shareholdings are under multiple folios.
 - (d) Send their share certificates for consolidation.
 - (e) Request for nomination forms for making nominations as per amended provisions of the Company Act, 1956.
9. Electronic Clearing Service (ECS) facility: with respect to payment of dividend, the Company provides the facility of ECS to shareholders residing in all major cities and towns. Shareholders holding shares in the physical form who now wish to avail ECS facility, are requested to forward their ECS mandate in the prescribed form to Company's Registrar and Share Transfer Agent M/s. CIL Securities Limited, 214, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad – 500 001.

Brief profile of Directors Retiring at this AGM is given in Corporate Governance Report



VAMSHI RUBBER LIMITED

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: -

- that in the preparation of the accounts for the financial year ended 31st March, 2008 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 2008 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.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 is not annexed to this report.

ACKNOWLEDGEMENTS:

The Directors thank the Company's Banker namely M/s. State Bank of India, officials of concerned Government Departments and share holders for their co-operation and continued support to the Company.

For and on behalf of the Board of Directors

Place : Hyderabad
Dated : 31st July 2008

(M.RAMESH REDDY)
Chairman



VAMSHI RUBBER LIMITED

ANNEXURE TO DIRECTORS' REPORT

Disclosure of particulars with respect to conservation of energy, technology absorption and Foreign exchange earnings and outgo as required under Companies (Disclosure of particulars in the Board of Directors Report) Rules, 1988:

I) CONSERVATION OF ENERGY:

- a) Energy Conservation Measures taken:
 - i). Energy saving equipment of 50 KVA capacity installed for Plant lighting.
 - ii) New water sprinkling system installed to improve efficiency of cooling tower.
- b) Impact of the measures taken for energy consumption and consequent impact on the cost of production of goods.
 - i) Observed reduction of upto 20% in electricity consumption pertaining to lighting load of factory.
- c) Form for disclosure of particulars with respect to conservation of Energy.

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

			Period ended 31-03-2008	Period ended 31-03-2007
1		Electricity		
	a)	Purchased		
		Total Amount (Rs)	8,269,226	8,268,563
		Units	20,708,036	2,116,660
		Rate per Unit (Rs)	3.99	3.91
	b)	Own Generation		
		Through Diesel Generator Units	47,990	51,344
		Unit per Liter of Diesel	1.89	2.31
		Cost / Unit (Rs.)	17.54	14.75
2		Thermic Fluid Heaters (Rs.)	8,537,559	6,777,161

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.

**VAMSHI RUBBER LIMITED****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.) : NIL
on export sales:
- ii) Foreign exchange outgo

On Import of Raw Materials	: Rs. 789,464
Machinery	: Rs. 2,636,506

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For and on behalf of the Board

Place : Hyderabad
Dated : 31st July 2008

(M.RAMESH REDDY)
Chairman



VAMSHI RUBBER LIMITED

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 10 members comprising of:

- 5 Independent Non-Executive Directors
- 2 Non-Independent Non-Executive Directors
- 3 Executive Directors

ATTENDANCE RECORD: 2007-2008

Sl. No.	Name of Director	Category	Designation	No. of Board Meetings attended	Attendance in last AGM held on 29.09.2007
1.	Shri M. Ramesh Reddy	Non-Independent Non-Executive	Chairman	5	Yes
2.	Shri R. Surendra Reddy	Executive	Managing Director	5	Yes
3.	Shri P. Varun Kumar	Executive	Director – Finance	5	Yes
4.	Shri K. V. Sarma	Executive	Director – Operations	5	Yes
5.	Shri Donald P. Gillespie	Non-Independent Non-Executive	Director	-	No
6.	Shri S. Ramachandra Prasad	Independent Non-Executive	Director	2	Yes
7.	Shri E. Mahipal Reddy	Independent Non-Executive	Director	3	No
8.	Shri M. Arun Kumar	Independent Non-Executive	Director	3	No
9.	Shri A. Vamshidhar Reddy	Independent Non-Executive	Director	5	Yes
10.	Shri A. Venkat Reddy	Independent Non-Executive	Director	4	Yes


VAMSHI RUBBER LIMITED
B) NUMBER OF OTHER DIRECTORSHIPS & COMMITTEE MEMBERSHIP/ CHAIRMANSHIP

Sl. No.	Name of Director	Other Directorship	Committee Membership	Committee Chairmanship
1	Shri M. Ramesh Reddy	7	None	None
2	Shri R. Surendra Reddy	1	None	None
3	Shri P. Varun Kumar	1	None	None
4	Shri K.V. Sarma	1	None	None
5	Shri Donald P. Gillespie	None	None	None
6	Shri S.Ramachandra Prasad	None	None	None
7	Shri E.Mahipal Reddy	None	None	None
8	Shri M.Arun Reddy	None	None	None
9	Shri A.Vamshidhar Reddy	None	None	None
10	Shri A.Venkat Reddy	None	None	None

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

Five 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:

30-06-2007, 31-07-2007, 31-10-2007, 31-01-2008 and 31-03-2008.

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(I)(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 Whole-time Director have certified to the Board the financial statements for the year ended 31st March, 2008.

3. Audit Committee:

The Audit Committee comprises of 3 Non-Executive Directors and is chaired by Mr.E.Mahipal Reddy. Shri R.Surendra Reddy, Managing Director and Statutory Auditors are permanent invitees to the meetings. Any other person/Executive, where necessary, is also required to attend the meetings.



VAMSHI RUBBER LIMITED

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 2007-08 on 30-06-2007, 31-07-2007, 31-10-2007 and 31-01-2008. The attendance details of the members of the Committee are given below:

Sl. No.	Name of the Director	No. of Meetings attended
1.	Shri E.Mahipal Reddy	2
2.	Shri A.Venkat Reddy	3
3.	Shri. A. Vamshidhar Reddy	4