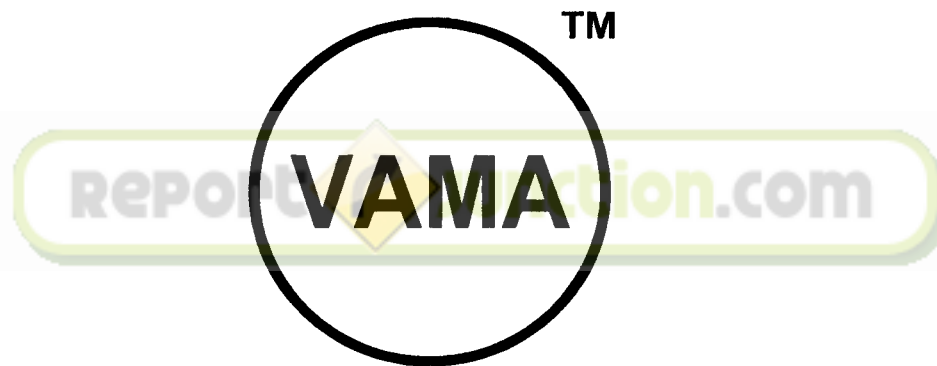


**21st  
Annual Report  
2005 - 2006**



**VAMA INDUSTRIES LIMITED**

**21<sup>st</sup> ANNUAL GENERAL MEETING**

Saturday, 30<sup>th</sup> September 2006  
at 11.00 A.M  
at #201, Sri Sai Darsan Residency,  
7-1-408 to 413, Balkampet Road,  
Ameerpet, Hyderabad – 500 016  
Andhra Pradesh  
INDIA

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**VAMA INDUSTRIES LIMITED****BOARD OF DIRECTORS**

**Mr. V. A. Rama Raju**  
Chairman & Managing Director

**Mr. V. Rajam Raju**  
Executive Director

**Mr. Ch. V. Panduranga Rao**  
Director – Technical

**Mr. B. Ram Mohan Rao**  
Director

**Mr. R. Venkateswara Rao**  
Director

**Mr. V. Rama Krishna Rao**  
Director

**Mr. K. Vara Prasad Raju**  
Director

**Mr. P. Adi Malleswara Rao**  
Director (w.e.f 29<sup>th</sup> July 2006)

**Mr. M. V. Venkata Rao**  
Company Secretary

**BANKERS**

Andhra Bank  
State Bank of India

**AUDITORS**

M/s D.V. Ramana Rao & Co.,  
Chartered Accountants

**REGISTERED OFFICE**

# 201, Sri Sai Darsan Residency,  
7-1-408 to 413, Balkampet Road,  
Ameerpet, HYDERABAD – 500 016, INDIA.  
Tel: +91-40- 66615534 / 66619919  
Fax: +91-40-23708672  
Website: [www.vamaind.com](http://www.vamaind.com)

**ADMINISTRATIVE OFFICE**

Shiv-mohini, Plot No. 23, Sector 2,  
RSC-8, Charkop, Kandivali (west)  
MUMBAI- 400 067, INDIA.

**CORPORATE OFFICE**

7-1-24/2/D, Greendale,  
Beside Green Park Hotel,  
Ameerpet. HYDERABAD-500 016, INDIA.

**REGISTRARS & SHARE TRANSFER AGENTS**

M/s Bigshare Services Private Limited  
G-10, Left Wing, Amrutha Ville,  
Somajiguda, Rajbhavan Road,  
Hyderabad – 500 082



## VAMA INDUSTRIES LIMITED

### Notice

Notice is hereby given that the 21<sup>st</sup> Annual General Meeting of the Vama Industries Limited will be held on Saturday, 30<sup>th</sup> day of September 2006 at 11.00 A.M. at the Registered Office of the Company at # 201, Sri Sai Darsan Residency, 7-1-408 to 413, Balkampet Road, Ameerpet, Hyderabad – 500 016

### Ordinary Business

1. To receive consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2006 and Profit and Loss Account For the Financial Year ended as on that date and the Report of the Board of Directors and Auditors thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Mr. V. Rama Krishna Rao, who retires by rotation and being eligible, offers himself for reappointment
4. To appoint a Director in place of Mr. K. Vara Prasad Raju, who retires by rotation and being eligible, offers himself for reappointment.
5. To consider and if thought fit to pass with or without modification, the following resolution as a Ordinary Resolution

**"RESOLVED THAT** Mr. Grandhi Vittal, Chartered Accountant, be and is hereby appointed as Statutory Auditors of the Company from the Conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on such remuneration as may be fixed by the Board of Directors."

### Special Business

#### 6. Appointment of Mr. P. Adi Malleswara Rao

To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:-

**"RESOLVED THAT** Mr. P Adi Malleswara Rao who was appointed by the Board of Directors as an Additional Director of the Company with effect from July 29, 2006 and who holds office upto the date of the forthcoming Annual General Meeting of the Company, in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Companies Act, proposing his candidature for the office of Director of the Company, be and is hereby appointed a Director of the Company and the period of his office is liable to be determined by retirement of Directors by rotation."

#### 7. Revision In Remuneration of Chairman and Managing Director

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

**"RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309, 310 and all other applicable provisions, if any, contained under the Companies Act, 1956, read with the applicable provisions of Schedule XIII, of the said Act, consent of the members be and is hereby accorded for the upward revision in the remuneration payable to Mr. V. A. Rama Raju the Chairman and Managing Director of the Company from Rs.50,000/- Per Month to Rs.75,000/- Per Month, other terms and conditions remaining unchanged."



**"FURTHER RESOLVED THAT** the above said remuneration shall be treated as minimum remuneration in the event of in-adequate profits for any financial year"

#### **8. Revision In Remuneration of Executive Director**

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

**"RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309, 310 and all other applicable provisions, if any, contained under the Companies Act, 1956, read with the applicable provisions of Schedule XIII, of the said Act, consent of the members be and is hereby accorded for the upward revision in the remuneration payable to Mr. V. Rajam Raju the Executive Director of the Company from Rs.40,000/- Per Month to Rs.65,000/- Per Month, other terms and conditions remaining unchanged."

**"FURTHER RESOLVED THAT** the above said remuneration shall be treated as minimum remuneration in the event of in-adequate profits for any financial year"

#### **9. Revision In Remuneration of Director (Technical)**

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

**"RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309, 310 and all other applicable provisions, if any, contained under the Companies Act, 1956, read with the applicable provisions of Schedule XIII, of the said Act, consent of the members be and is hereby accorded for the upward revision in the remuneration payable to Mr. Ch. V. Panduranga Rao the Director (Technical) of the Company from Rs.100,000/- Per Month to Rs.150,000/- Per Month, other terms and conditions remaining unchanged."

**"FURTHER RESOLVED THAT** the above said remuneration shall be treated as minimum remuneration in the event of in-adequate profits for any financial year"

By Order of the Board of Directors

Sd/-  
M.V. VENKATA RAO  
Company Secretary

Place: Hyderabad  
Date: 04.09.2006

**VAMA INDUSTRIES LIMITED****Notes**

- (i) The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the business under item No.6 to 9 are set out above is annexed hereto.
- (ii) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER R& THE COMPANY. The instrument appointing proxy should, however be deposited at the Registered Office of the Company not less than 48 hours before commencement of the meeting.
- (iii) Corporate Members intending to send their authorized representatives to attend the meeting are required to send a certified copy of their Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
- (iv) Mr. V. Rama Krishna Rao and Mr. K. Vara Prasad Raju, Directors retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Board of Directors of the Company recommends the respective re-appointment of the aforesaid Directors.
- (v) Register of members and share Transfer Books shall remain closed from 26<sup>th</sup> September 2006 to 30<sup>th</sup> September 2006 (both days inclusive) in connection with the Annual General Meeting.

By Order of the Board of Directors

Sd/-

M.V. VENKATA RAO  
Company Secretary

Place: Hyderabad  
Date: 04.09 2006



## EXPLANATORY STATEMENT

The following Explanatory Statement, pursuant to Section 173 of the Companies Act, 1956, set out all material facts relating to the business mentioned at item no.6 of the accompanying Notice dated 4<sup>th</sup> September 2006

### Item No. 6

Mr. P. Adi Malleswara Rao was appointed on the Board of the Company as an Independent Director of the Company to comply with the Clause 49 of the Listing Agreement. Mr P. Adi Malleswara Rao is also a member of Audit Committee, Shareholders Grievance Committee and Remuneration Committee. The said Director was appointed as Additional Director of the Company in its Board Meeting held on 29<sup>th</sup> July 2006.

Under Section 260 of the Companies Act, 1956 Mr. P. Adi Malleswara Rao holds office at this Annual General Meeting and is eligible for appointment. Notice under Section 257 of the Companies Act, 1956 has been received from Member signifying his intention to propose his appointment as Director. The Board desires to continue his advice and guidance and therefore commends his appointment

Details of the said Director and his brief resume have been given in Annexure attached to the Notice

Mr. P. Adi Malleswara Rao is interested in the resolution relating to his appointment and no other Directors' of the Company are interested in this item.

### Item No. 7

In order to the reward the efforts made by Mr. V. A. Rama Raju, Chairman & Managing Director of the Company and in view of the industry trends vis-a- vis the managerial remuneration, the Board, as per the recommendation of the Remuneration Committee of the Company, it was resolved to enhance the remuneration payable to Mr. V. A. Rama Raju, the Chairman and Managing Director of your Company from Rs.50,000/- Per Month to Rs.75,000/- Per Month.

As per the provisions of Section 198, 269, 310 read with Schedule XIII of the said Act, any such change in the terms and conditions of the managerial personnel need to be ratified by the members in their General Meeting.

Hence the resolution is proposed for your approval.

None of the Directors, except, Mr. V. A. Rama Raju, the Chairman and Managing Director of your Company and Mr. V. Rajam Raju, the Executive Director of the Company is interested in the said resolution.

### Item No. 8

In order to the reward the efforts made by Mr. V. Rajam Raju, Executive Director of the Company and in view of the industry trends vis-a- vis the managerial remuneration, the Board, as per the recommendation of the Remuneration Committee of the Company, it was resolved to enhance the remuneration payable to Mr. V. Rajam Raju, the Executive Director of your Company from Rs.40,000/- Per Month to Rs.65,000/- Per Month

As per the provisions of Section 198, 269, 310 read with Schedule XIII of the said Act, any such change in the terms and conditions of the managerial personnel need to be ratified by the members in their General Meeting.

Hence the resolution is proposed for your approval.

None of the Directors, except, Mr.V. Rajam Raju, the Executive Director of the Company and Mr. V. A. Rama Raju, the Chairman and Managing Director of your Company is interested in the said resolution.

**VAMA INDUSTRIES LIMITED****Item No. 9**

In order to reward the efforts made by Mr. Ch. V. Panduranga Rao, Director(Technical) of the Company and in view of the industry trends vis-a- vis the managerial remuneration, the Board, as per the recommendation of the Remuneration Committee of the Company, it was resolved to enhance the remuneration payable to Mr. Ch. V. Panduranga Rao, the Director (Technical) of your Company from Rs.100,000/- Per Month to Rs.150,000/- Per Month

As per the provisions of Section 198, 269, 310 read with Schedule XIII of the said Act, any such change in the terms and conditions of the managerial personnel need to be ratified by the members in their General Meeting.

Hence the resolution is proposed for your approval.

None of the Directors, except, Mr. Ch. V. Panduranga Rao, the Director (Technical) of the Company is interested in the said resolution.

By Order of the Board of Directors

Sd/-

M.V. VENKATA RAO  
Company Secretary

Place: Hyderabad  
Date: 04.09.2006





**VAMA INDUSTRIES LIMITED****BRIEF RESUME OF DIRECTORS**

<b>Particulars</b>	<b>Directors Seeking Re-Election</b>		<b>Director Seeking Appointment</b>
<b>Name</b>	Mr. V. Rama Krishna Rao	Mr. K. Vara Prasad Raju	Mr. P Adi Malleswara Rao
<b>Date of Birth &amp; Age</b>	09.02.1962; 44 Years	16.03.1965; 40 Years	04.05.1962; 44 Years
<b>Appointed on</b>	07.05.2004	07.05.2004	29.07.2006
<b>Qualifications</b>	B. Com., CWA (inter)	Diploma in Automobile Engineering	B.E. (Mechanical)
<b>Directorships held in other public Companies</b>	Nil	Nil	Nil
<b>Memberships / Chairmanships of committees across the public companies</b>	<b>Audit Committee</b> Vama Industries Ltd	<b>Audit Committee</b> Vama Industries Ltd	<b>Audit Committee</b> Vama Industries Ltd
	<b>Remuneration Committee</b> Vama Industries Ltd	<b>Shareholders Grievance Committee</b> Vama Industries Ltd	<b>Shareholders Grievance Committee</b> Vama Industries Ltd
		<b>Remuneration Committee</b> Vama Industries Ltd	<b>Remuneration Committee</b> Vama Industries Ltd
<b>Shareholding</b>	200	300	Nil

**VAMA INDUSTRIES LIMITED****DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting the Twenty-first Annual Report along with the Audited Accounts of the Company for the Financial Year ended 31<sup>st</sup> March 2006

**Financial Results:**

(Rs. In Lakhs)

Particulars	Financial Year	
	2005-2006	2004-2005
Income from sales and services	698.44	202.69
Other Income	7.76	0.84
Increase / Decrease in Inventories	11.24	0.00
Total income	717.44	203.53
Operating Expenses	581.87	185.32
Profit before Depreciation, Interest, and Tax	109.25	18.21
Interest	7.29	0.70
Depreciation	13.85	4.24
Profit before Tax	88.11	13.27
Provision for Tax	23.08	1.96
Profit after Tax	65.03	10.42
Earning per share	2.77	0.44

**Review of performance**

During the financial year 2005-06, your company recorded total revenue of Rs. 706.20 lakhs against Rs.203.53 lakhs for previous year, recording a growth of 247% over previous year. The above revenue include income from Software & ITES of Rs.433.38 Lakhs (previous year Rs.88.01 Lakhs), from Hardware of Rs. 265.05 Lakhs (previous year Rs.115.52 Lakhs), other income of Rs. 7.76 Lakhs (previous year Rs.0.84 lakhs) and made Net Profit of Rs. 65.03 Lakhs after providing for the taxes (previous year Rs.10.42 lakhs).

**Subsidiary**

Vama Asia Pte., Ltd., is the wholly-Owned Subsidiary Company of Vama Industries Limited. It is Incorporated in Singapore and it started its commercial operation during the financial year 2005-06 and made a profit of S \$ 4142 on a turnover of S \$ 1,84,801 for the year ended 31.03.2006

**Dividend**

Your Directors' recommended a maiden Dividend of Re.0.20/- Per Share on 70,38,000 Equity Shares

**Board of Directors'**

In accordance with the requirements of the Companies Act, 1956 Mr. V. Rama Krishna Rao and Mr. K. Vara Prasad Raju, the Directors of the Company are liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Mr. V. Rama Krishna Rao is Director of the Company since 7<sup>th</sup> May 2004, and he is also a member of the Audit Committee and Remuneration Committee and has added value to deliberations at Board/ Committee Meetings.