

**22nd
Annual Report
2006 - 2007**



VAMA INDUSTRIES LIMITED

**22nd ANNUAL GENERAL MEETING**

Saturday, 29th September 2007
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 Asia Pte. Ltd.

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

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

Mr. Ch. V. Panduranga Rao
Director – Technical

Mr. R. Venkateswara Rao
Director

Mr. K. Vara Prasad Raju
Director

Mr. V. Rajam Raju
Executive Director

Mr. B. Ram Mohan Rao
Director (resigned w.e.f. 30.01.2007)

Mr. V. Rama Krishna Rao
Director

Mr. P. Adi Malleswara Rao
Director (resigned w.e.f. 30.01.2007)

Ms. Aditi Bajaj
Company Secretary

AUDITORS

Grandhi Vittal
Chartered Accountant

BANKERS

Andhra Bank, Himayat Nagar, Hyderabad
State Bank of India, Balkampet, Hyderabad
ICICI Bank Ltd., Begumpet, Hyderabad

REGISTERED OFFICE

201, Sri Sai Darsan Residency,
7-1-408 to 413, Balkampet Road,
Ameerpet, Hyderabad – 500 016,
Tel: +91-40- 66615534 / 66619919
Fax: +91-40-23708672
Website: www.vamaind.com

CORPORATE OFFICE

7-1-24/2/D, Greendale
Beside Green Park Hotel,
Ameerpet, Hyderabad – 500 016
Tel: +91-40- 66845534
Fax: +91-40-23733810

ADMINISTRATIVE OFFICE

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

REGISTRARS & SHARE TRANSFER AGENTS

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

LISTED AT

Bombay Stock Exchange Limited, Mumbai

**Notice**

Notice is hereby given that the 22nd Annual General Meeting of the members of Vama Industries Limited will be held on Saturday, 29th day of September 2007 at 11:00 AM 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 31st March 2007 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 for the financial year ended 31st March, 2007.
- 3 To appoint a Director in place of Mr. V. Rajam Raju, who retires by rotation and being eligible, offers himself for reappointment.
- 4 To appoint a Director in place of Mr. R. Venkateswara Rao, 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 an Ordinary Resolution.

“RESOLVED THAT Mr. Grandhi Vittal, Chartered Accountant, be and is hereby re-appointed as Statutory Auditor 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. 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 a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310, 311 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 and in partial modification to the resolution passed earlier in this regard, 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.75,000/- Per Month to Rs.1,00,000/- Per Month with effect from 1st December, 2006, other terms and conditions remaining unchanged, as approved by the Remuneration Committee and the Board of Directors.”

FURTHER RESOLVED THAT in the event of insufficient profits during any particular period the aforesaid remuneration shall be the minimum remuneration payable to Mr. V. A. Rama Raju, pursuant to Section II of Part II of Schedule XIII of the Companies Act 1956.

“FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to do all such acts and deeds and execute all such documents & instruments as may be required to give effect to the aforesaid resolution.”

7. Revision in Remuneration of Executive Director :

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 198, 269, 309, 310, 311 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 and in partial modification to the resolution passed earlier in this regard, 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. 65,000/- Per Month to Rs.1,00,000/- Per Month with effect from 1st December, 2006, other terms and conditions remaining unchanged, as approved by the Remuneration Committee and the Board of Directors."

"FURTHER RESOLVED THAT in the event of insufficient profits during any particular period the aforesaid remuneration shall be the minimum remuneration payable to Mr. V. Rajam Raju, pursuant to Section II of Part II of Schedule XIII of the Companies Act 1956."

"FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to do all such acts and deeds and execute all such documents & instruments as may be required to give effect to the aforesaid resolution."

8. Appointment of Director (Technical) :

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 198, 269, 309, 310, 311 and all other applicable provisions, if any, of the Companies Act 1956 read with Schedule XIII of the said Act, consent of the members be and is hereby accorded for the reappointment of Mr. Chirala Venkata Pandu Ranga Rao as Director (Technical) of the Company for a period of 3 years with effect from 1st May, 2007 at a remuneration of Rs.2,00,000 (Rupees Two Lakhs Only) per month as approved by the Remuneration Committee and by the Board of Directors.

"FURTHER RESOLVED THAT in the event of insufficient profits during any particular period the aforesaid remuneration shall be the minimum remuneration payable to Mr. Chirala Venkata Pandu Ranga Rao pursuant to Section II of Part II of Schedule XIII of the Companies Act 1956.

"FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to do all such acts and deeds and execute all such documents & instruments as may be required to give effect to the aforesaid resolution."

By Order of the Board of Directors

Sd/-

Aditi Bajaj

Company Secretary

Place: Hyderabad

Date: 29.08.2007

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. Proxies in order to be effective must be received at the Company's Registered Office not less than 48 hours before the commencement of the meeting.
2. The Register of Members and the Share Transfer Books will remain closed from 26th September, 2007 to 29th September, 2007 (both days inclusive).
3. Members / Proxies are requested to bring their copies of Annual Report with them for the Annual General Meeting and the attendance slip duly filled in for attending the Meeting.
4. Explanatory Statement pursuant to the provisions of Section 173(2) of the Companies Act, 1956 is annexed herewith.
5. Members are requested to quote their Registered Folio No or Demat Account No and Depository Participant Identification Number (DPID No) on all correspondence(s) with the Company.
6. Members are requested to send all communication(s) relating to shares to the Company's Share Transfer Agents (Physical and Electronic) at M/s Bigshare Services Private Limited, G-10, Left Wing, Amrutha Ville, Somajiguda, Rajbhavan Road, Hyderabad – 500 082.
7. The information pursuant to Clause 49 of the Listing Agreement with respect to the details of the Directors seeking appointment / re-appointment in this Annual General Meeting is given under the head "Additional Information", which is annexed herewith.

By Order of the Board of Directors

Sd/-

Aditi Bajaj
Company Secretary

Place: Hyderabad
Date: 29.08.2007

**EXPLANATORY STATEMENT**

(pursuant to Section 173 of the Companies Act, 1956)

Item No. 6

In order to reward the efforts made by Mr. V.A.Rama Raju, Chairman & Managing Director of the Company and in view of the industry trends vis-à-vis the managerial Remuneration, the Board, as per the recommendations of the Remuneration committee of the Company resolved to enhance the remuneration payable to Mr. V. A. Rama Raju, the Chairman and Managing Director of your Company from Rs. 75,000 /- Per Month to Rs.1,00,000/- Per Month.

As per the provisions of Section 198, 269, 310 and 311 read with Schedule XIII of the said Act, any such change in the terms and conditions of the managerial personnel need to be approved by the members in their General Meeting.

Hence the resolution is commended for your approval.

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

Item No. 7

In order to reward the efforts made by Mr. V.Rajam Raju, Executive Director of the Company and in view of the industry trends vis-à-vis the managerial remuneration, the Board as per the recommendation of the Remuneration Committee of the Company, resolved to enhance the remuneration payable to Mr.V. Rajam Raju, the Executive Director of your Company from Rs.65,000/- Per Month to Rs.1,00,000 Per Month.

As per the provisions of Section 198, 269, 310 and 311 read with Schedule XIII of the said Act, any such change in the terms and conditions of the managerial personnel need to be approved by the members in their General Meeting.

Hence the resolution is commended 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 the Company is interested in the said resolution.

Item No. 8

The members may note that the initial term of appointment of Mr. Chirala Venkata Pandu Ranga Rao, as Director (Technical) of the Company expired on 09th May, 2007. Keeping in view the far-reaching contributions made by Mr. Chirala Venkata Pandu Ranga Rao and also considering his indispensable position in the matrix of the Company, the Board reappointed him as such with effect from 1st May, 2007, at a monthly remuneration of Rs.2,00,000/- subject to the approval of the members.

Pursuant to the provisions of Part II and Part III to Schedule XIII of the Companies Act, 1956, any such appointment of Director on Whole-time basis carrying the aforesaid remuneration, (in the context of your company), needs to be approved by the members by passing a Special Resolution.

Hence the resolution is commended for your approval.

None of the Directors, except, Mr. Chirala Venkata Pandu Ranga Rao is concerned or interested in the said resolution.



Statement pursuant to Clause (1) (B) (iv) of Section II of Part II of Schedule XIII, of the Companies Act, 1956:

I. GENERAL INFORMATION

1. Nature of industry : Service Industry

The Company is engaged in providing services in the field of Hardware, Software, ITES and Engineering sector.

2. Date or expected date of Commencement of commercial production :

The Company came into existence in the year 1985 and obtained Certificate of Commencement of Business in the same year.

3. Financial performance

The Company has aggregated a Total Income of Rs.707.61 Lakhs lakhs during the financial year 2006-07 and has earned a Net Profit (before tax) of Rs.35.69 Lakhs thereon.

4. Export performance and net foreign exchange collaboration : NIL

The Company earned an Export revenue of Rs.136.07 Lakhs during the financial year 2006-07. During the said financial year the Company's foreign Exchange earnings (net of foreign exchange outgo) was Rs.122.06 Lakhs.

5. Foreign investments or collaboration : NIL

II. INFORMATION ABOUT THE APPOINTEE :

1. Background of the Appointee:

Mr. Chirala Venkata Pandu Ranga Rao, (hereinafter referred to as Mr. Rao), BE, Mech.(1983), ME, Automobile (1987), is accredited with an illustrious professional carrier and vast exposure to engineering services industry in India and abroad. He has successfully handled overseas assignments on product development and infrastructure development in Japan, Thailand, Indonesia, Malaysia, Singapore, Austria, and several European countries.

He has to his credit Engineering services world wide delivery & Business development in USA and Europe (France, Germany, Spain) and UK.

He has drawn a total remuneration of Rs.18,00,000 during the financial year 2006-07 in Vama Industries Limited while serving as Director (technical) of the Company.

Prior to joining the Company, Mr. Rao worked as Head-Export Operations at Mahindra Engineering Services and prior to joining Mahindra Engineering Services, he worked as General Manager -Technical Operations in Satyam - Venture Engineering Services (P) Ltd., from May, 01 to April, 03. Working in this position as Head of operations - world wide leading offshore, onsite and offsite locations, he also played a key role in resource acquisition, optimum utilization and retention. He played a key role in Business development with world wide contacts and proficiency in Japanese way of management and culture. As a Deputy General Manager R&D in Mahindra & Mahindra and prior to that as Head of testing & development in Hero Honda Motors Ltd., he was instrumental in creation and development of R & D facilities, developing specifications and conceptual layouts for facilities and designing of test tracts for automotive sector.



It is pertinent to note that the basic objective of inducting Mr. Rao, way back in 2004 was to enable the company to create a basic infrastructure and set the broad parameters and goals to be achieved, carve out ways and means to meet the set objectives and to oversee the successful implementation of the same.

In the current scenario, the Company, to a great extent, has been able to create a platform whereupon it can access the market with its products and services in a more competitive way. The Company needs the association of Mr. Rao so as to enable it to make optimum utilization of the facilities created by it and encash upon the same.

Hence, it is felt that the re-appointment is the need of the hour so as to further the objectives of the Company and achieve its goals.

The Board proposes to pay a monthly remuneration of Rs.2 lakhs, which is considered to be appropriate, when compared against the industry standards, the requirements and responsibilities of the job.

Mr. Rao, apart from being a Director in the position of a Promoter and employed on whole - time basis in the Company at a monthly remuneration of Rs.2 lakhs does not have any pecuniary relationship directly or indirectly with the company, or any relationship with the managerial personnel.

III. OTHER INFORMATION :

1. Reasons for inadequate profits:

It has not been a very long time since the company began to reposition itself wherein it ventured into the highly challenging and competitive industry of software and ITES. The company is in the process of trying various alternatives, more particularly on international front. Therefore, the management is trying its best to develop business in these services with a stress on ITES segment which is going to be revenue driver in the long run. The company raised fresh equity during the year to fund its long term plans and also deployed human and infrastructure resources in a major way resulting in increase in costs and some effect on the bottom line.

2. Steps taken or proposed to be taken for improvement :

The management feels that your Company is at the threshold of encashing on the investments made by it in terms of man-hours, managerial resources and infrastructure development. The current phase of relatively low income and profitability is a short term phenomenon. The Board has taken long term measures which will position the company on a steady growth path. The Company plans to concentrate more on engineering and IT enabled services. In this regard, it has raised the required funds by way of Rights Issue and has been creating the necessary infrastructure. It has recruited additional manpower at various levels who can deliver the goods and meet the expectations of clients.

However, upgradation of resources and employing of additional man and machine power would be a regular phenomenon as per the needs and demands of the market. Nevertheless, your management feels that the facilities created till date with some refinements and testings would enable the company to make sustainable deliveries in the market.

3. Expected increase in productivity and profits in measurable terms:

During the current financial year, the company expects the turnover to increase by about 10% and hopes for a healthy bottom line.

**IV. DISCLOSURES:**

Remuneration Package (per month) of Mr. Chirala Venkata Pandu Ranga Rao is as follows :

Particulars	Amount (Rs.)
Basic	1,33,000
HRA	53,200
Conveyance	800
Medical Reimbursement	1,250
LTA	11,083
Spl. Allowance	667
TOTAL	2,00,000

By Order of the Board of Directors

Sd/-

Aditi Bajaj

Company Secretary

Place: Hyderabad

Date: 29.08.2007

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