

**23rd  
Annual Report  
2007 - 2008**



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**VAMA INDUSTRIES LIMITED**

**23<sup>rd</sup> ANNUAL GENERAL MEETING**

Tuesday, September 30, 2008 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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## COMPANY INFORMATION

### Board of Directors

<b>Mr. V A Rama Raju</b>	Chairman & Managing Director
<b>Mr. V Rajam Raju</b>	Executive Director
<b>Mr. Ch V Panduranga Rao</b>	Director – Technical
<b>Mr. R Venkateswara Rao</b>	Director
<b>Mr. V Rama Krishna Rao</b>	Director
<b>Mr. K Vara Prasad Raju</b>	Director
<b>Ms. Pushpa Katkuri</b>	Company Secretary

### STATUTORY AUDITOR

Grandhi Vittal  
Chartered Accountant

### INTERNAL AUDITOR

K.N. Murthy & Co.,  
418, Majestic Mansion,  
Shyamlal Buildings Begumpet, Hyderabad.

### BANKERS

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

### REGISTERED OFFICE

# 201, Sri Sai Darshan 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 23rd Annual General Meeting (AGM) of Vama Industries Limited will be held on Tuesday, the 30th day of September 2008 at 11:00 A.M. at the Registered Office of the Company at #201, Sri Sai Darshan Residency, 7-1-408 to 413, Balkampet Road, Ameerpet, Hyderabad – 500 016, to transact the following items of business:

**Ordinary Business:**

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2008 and Profit and Loss account for the year ended on that date and the report of the Board of Directors and Auditor's thereon.
2. To declare dividend on equity shares for the financial year ended March 31, 2008.
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 appoint Mr. Grandhi Vittal, Chartered Accountant, as Statutory auditor of the company and to fix the remuneration.

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 224 and all other applicable provisions, if any, contained under the Companies Act, 1956, 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"

By Order of the Board of Directors

Sd/-

**Pushpa Katkuri**  
Company Secretary

Place: Hyderabad  
Date: 26.08.2008

**NOTES:**

- (i) 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 OF 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. A form of proxy is given at the end of the Annual Report.
- (ii) The Register of Members and Share Transfers Books of the Company will remain closed from September 27, 2008 to September 30, 2008 (both days inclusive).
- (iii) Members/proxies are requested to bring duly filled in attendance slips sent herewith for attending the meeting.
- (iv) Members are requested to quote their Registered Folio No or Demat Account No and Depository Participant Identification Number (DPID No) on all correspondence with the company.
- (v) Dividend, if declared, at the Annual General Meeting, shall be paid by way of Demand Drafts / ECS to the members, whose names appear in the Register of Members on close of business hours on 26th September, 2008. In respect of shares held in electronic form, the dividend shall be paid on the basis of beneficial ownership as per the details to be furnished for this purpose by NSDL / CDSL.
- (vi) Members are requested to send all communication relating to shares to the company's Share Transfer Agents (Physical and Demat) at M/s Bigshare Services Private Limited, G-10, Left Wing, Amrutha Ville, Somajiguda, Rajbhavan Road, Hyderabad – 500 082.
- (vii) 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 hereunder.

**Additional Information****1. Brief profile of Mr. V. Rama Krishna Rao, Director who retires by rotation and is eligible for reappointment.**

Mr. V Rama Krishna Rao, S/o. V. Venkata Rao aged about 46 years is a resident of H.No. 5-7-31, Sangeet Nagar, Kukatpally, Hyderabad – 500 072. He has been on the Board of our company since 2004. He is a Graduate in commerce from Andhra University and has completed CWA (inter) from the Institute of Cost and Works Accountants of India.

He serves as an Independent Director on the Board of the Company and provides his advisory services on the matters related to accounts and taxation.

He is not a Director of any other Company but is the Chairman of Audit Committee and a member of Remuneration Committee of Vama Industries Limited.

He does not hold any shares in the Company.

**2. Brief profile of Mr. K. Vara Prasad Raju, Director who retires by rotation and is eligible for reappointment.**

Mr. K Vara Prasad Raju, S/o K. Anantha Raju aged about 43 years is a resident of #39 & 40, 1st Floor, Sony Business Complex, Prashanth Nagar, I.E. Kukatpally, Hyderabad – 500072. He has been on the Board of our company since 2004. He holds a Diploma in Automobile Engineering and has rich experience in Automobile and Engineering Industry.



## VAMA INDUSTRIES LTD

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He serves as an Independent Director on the Board of the Company and provides his advisory services on the matters related to product sales and services.

He is not a Director of any other Company but is a Member of Audit committee, Remuneration committee, Shareholder's Grievance committee and Share Transfer Committee of Vama Industries Limited.

He does not hold any shares in the Company.

By Order of the Board of Directors

Place: Hyderabad  
Date: 26.08.2008

Sd/-  
**Pushpa Katkuri**  
Company Secretary







## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Twenty-Third Annual Report for the financial year 2007-08.

### FINANCIAL RESULTS – STANDALONE

(Rs. in lakhs)

Particulars	Financial Year	
	2007-2008	2006-2007
Income from sales and services	720.24	709.24
Other income	4.94	8.04
Increase / Decrease in Inventories	1.36	(9.68)
Total income	726.54	707.60
Operating expenses	646.94	637.47
Profit before Depreciation, Interest, and Tax	79.61	70.13
Interest	1.89	9.70
Depreciation	37.02	24.74
Profit before tax	40.70	35.69
Provision for tax	13.48	14.17
Profit after tax	27.23	21.53
Earning per share (in Rs.)	0.39	0.31

### OREVIEW OF PERFORMANCE :

For the financial year 2007-08, your company generated total revenue of Rs 725.18 lakhs against Rs.717.29 lakhs for previous financial year. The above revenue includes income from Software & ITES of Rs. 387.97 lakhs (previous year Rs 241.62 lakhs), from Product sales & services of Rs 332.27 lakhs (previous year Rs 467.63 lakhs), other income of Rs 4.94 lakhs (previous year Rs 8.04 lakhs). Net profit (after tax) for the financial year 2007-08 stood at Rs 27.22 lakhs as against Rs. 21.53 lakhs for the previous financial year.

### DIVIDEND

Your directors recommend a dividend of 2% on the paid up share capital of the Company, i.e. Re 0.20 per share on 70, 38,000 equity shares for the financial year 2007-08. The aggregate dividend payout for the year 2007-08 amounts to Rs 16.47 lakhs including corporate dividend tax.

### SUBSIDIARY

Vama Asia Pte. Ltd, is the wholly owned subsidiary of Vama Industries Limited, having its office in Singapore. For the financial year 2007-08, the company has recorded a net loss of S \$ 3,854 (previous year net profit S \$ 7,095).

Statement pursuant to Section 212 of the Companies Act, 1956, along with balance sheet and profit and loss account of our subsidiary are attached to the annual report.

### DIRECTORS

Mr. V. Ramakrishna Rao and Mr. K.Vara Prasad Raju non-executive and independent directors, retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. A brief profile of the directors is provided elsewhere in the annual report.



## Director's Responsibility Statement

As required under Section 217(2AA) of the Companies Act, 1956, the Directors confirm that:

- i. the applicable accounting standards have been followed in the preparation of the annual accounts for the financial year 2007-08;
- ii. the accounting policies selected were applied consistently and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of 31st March 2008 and of the Profit of the Company for year ended on that date;
- iii. proper and sufficient care has been taken 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.
- iv. the annual accounts have been prepared on a going concern basis.

## AUDITORS

The statutory auditor Mr. Grandhi Vittal, Chartered Accountant retires at this Annual General Meeting and being eligible offers himself for reappointment. Your directors recommend his reappointment as statutory auditor.

The Company has received a Certificate from the Auditor confirming that his re-appointment, if made, would be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956.

## QUALITY

### ISO 9001:2000 Implementation

The company continues to maintain successfully the Quality Management Systems to the requirements of ISO 9001:2000 Standard.

## FIXED DEPOSITS

The company has neither accepted nor renewed any deposits falling within the provisions of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975 from the public during the financial year.

## RIGHTS ISSUE

As the members are aware, your Company proposed a Rights issue during the financial year 2006-07, wherein 46,92,000 equity shares of Rs 10/- each were offered in the ratio of 2:1 to the equity shareholders of the Company. The issue was oversubscribed 1.3 times of its size.

It was estimated that the total Cost of Project would be Rs.471.50 lakhs out of which an amount of Rs.469.20 lakhs was to be generated by way of Rights Issue and 2.30 lakhs from Internal Accruals.

The main objective of the rights issue was to expand the business in ITES, which entailed a need for sizeable allocation for the purpose of acquiring capital equipment, development of infrastructure facilities and tools and a small allocation towards further investment in subsidiary company in Singapore.

The Company has fully utilized the amounts received in the rights issue keeping in view the aforesaid objective. Due to unforeseen changes at macro economic levels and the onset of recessionary trends in the industry, your management has re-stratigised the deployment of its resources both in terms of time schedule and allocation.

The management was very diligent while deploying the funds so as to make the optimum utilization of resources. The management was well focused in its approach and objectives, wherein development of competencies and tools, creating infrastructure facilities and procuring of capital equipments were of importance.





## VAMA INDUSTRIES LTD

The management deferred the procurement of capital equipments, by some time and also restricted the budgeted allocation keeping in view the changing requirements of the market. While doing so, the management was able to cut down on the earmarked expenditure under the head "Capital Equipments" and could allocate the scarce resources towards development of ITES Tools.

Hence, there was an inter-head shuffle of funds.

The management seeks your applause for its team and the support staff, for working relentlessly to achieve the targets, amidst hostile conditions.

Keeping in view the changing global scenario, the management resolved to restrict the investment in its overseas subsidiary and channelise the said savings towards other heads, forming part of the overall project.

This prudent and dynamic exercise of the management fetched positive results for the company and it could make significant headway in developing certain tools and few tie-ups in the international market.

Your management is confident that, your Company, from hereon, is all set to achieve a noteworthy growth in its operations and profitability.

A brief summary of the funds received and their utilization as of January 31, 2008 is hereunder:

Sl. No	Particulars	Amount	Utilization as of March 31, 2008	Difference amount
1	Capital Equipment	209.73	157.97	51.76
2	Infrastructure facility	64.42	70.31	(5.89)
3	Development of ITES Tools	157.05	223.87	(66.82)
4	Investment in Subsidiary Company	25.00	2.61	22.39
5	Issue Expenses	15.30	16.74	(1.44)
	Total (Rs.469.20 lakhs + 2.30 lakhs)	471.50	471.50	0

### LISTING & TRADING

The equity shares of the Company are listed on the Bombay Stock Exchange Limited, Mumbai. The Company has paid the listing fee for the financial year 2008-09. You may further note that the listing / trading was not suspended at any time during the Financial Year 2007-08.

### EMPLOYEE PARTICULARS

Particulars of employee as required under section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975:

Name & Age	Designation	Remuneration	Qualification & Date of Employment	Experience	Previous employment
Ch. Venkata Panduranga Rao 46 years	Director (Technical)	24,00,000	Master of Engineering (Mechanical) May 10, 2004	24 years	Mahindra Engineering Services Ltd.




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**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO.**

The particulars as prescribed under sub-section (1)(e) of Section 217 of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 are given in the Annexure A to this report.

**CORPORATE GOVERNANCE**

A report on Corporate Governance along with Auditors' certificate on compliance with the conditions of Corporate Governance as stipulated in clause 49 of the listing agreement, is annexed herewith as Annexure C.

**MANAGEMENT DISCUSSION & ANALYSIS**

A report on Management discussion & analysis, pursuant to clause 49 of the Listing agreement is annexed hereto as Annexure B.

**ACKNOWLEDGEMENTS**

Your Directors wish to place on record their gratitude to the Company's shareholders, customers, vendors and bankers for their continued support to Vama's growth initiatives. Your Directors also appreciate the contribution made by employees at all levels, who through their competence, sincerity, hard work, solidarity and dedicated support, have enabled your Company to make rapid strides in its business initiatives. Your Directors also thank the Central and State Government and their various agencies, particularly, Software Technology Parks of India, Departments of Customs and Central Excise, Reserve Bank of India and other Governmental agencies for extending their support during the year, and look forward to their continued support.

For and on behalf of the Board

Place: Hyderabad  
Date: 26.08.2008

Sd/-  
**V. A. Rama Raju**  
Chairman & Managing Director