

27th
Annual Report
2011-2012



Vama Industries Limited

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VAMA INDUSTRIES LIMITED

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Corporate Information



Executive Directors		Designation	
V. Atchyuta Rama Raju V. Rajam Raju		Chairman and Managing Director Executive Director	
Non Executive & Independent Directors		Company Secretary & Compliance Officer	
V. Ramakrishna Rao R. Venkateswara Rao K. Vara Prasad Raju		Shilpa Kotagiri	
Statutory Auditors		Internal Auditors	
G.V & Co. Grandhi Vittal Chartered Accountants #H.No.2-159, Ananda Nilayam, Street No.3 Vani Nagar, Malkajgiri, Hyderabad – 500047		M/s. B.M. Kumar & Associates Chartered Accountants #103, Block B, 1st Floor 126, Jaya Mansion S.D. Road, Secunderabad- 500 003	
Bankers		Registrar & Share Transfer Agents	
State Bank of India ICICI Bank Ltd HDFC Bank Ltd Corporation Bank		M/s. Bigshare Services Private Limited G-10, Left Wing, Amrutha Ville Somajiguda, Rajbhavan Road Hyderabad – 500 082, A.P. India.	
Registered Office		Corporate office at Hyderabad	
Ground Floor, 8-3-191/147/24 Plot No. B-12, Madhura Nagar S.R. Nagar[Post], Hyderabad 500 038 Andhra Pradesh., India. Tel: +91 40 6661 5534 / 6661 9919 Fax: +91 40 2370 8672		Greendale, II Floor, 7-1-24/2/D Beside Green Park Hotel, Ameerpet Hyderabad – 500 016, A.P., India Tel: +91 40 6684 5534 Fax: +91 40 2373 3810	
Corporate Office at Mumbai		Website & email Id for Investors	
Office No. 619, 6th Floor, Maker Chambers - V Nariman Point, Mumbai - 400021, Mah., India		Website : www.vamaind.com email Id : investorservices@vama.co.in	
Secretarial Consultants		27 th Annual General Meeting	
P.S.Rao & Associates Company Secretaries Flat No.:10, 4th Floor # 6-3-347/22/2, Dwarakapuri Colony, Panjagutta, Hyd-082		Date & Time : 29th September, 2012 at 10.00 A.M. Day : Saturday Venue: #201, Sri Sai Darsan Residency 7-1-408 to 413, Balkampet Road Ameerpet, Hyderabad -500 016	
Cut off Date & Time for lodging Proxies		Dates of Book Closure	
Date: 27th September, 2012 [Thursday] Time: 10.00 A.M. At the Registered office of the Company		From: 26th September, 2012 Wednesday] To:29th September, 2012 [Saturday] (Both days inclusive)	
Committees of the Board			
Audit Committee	V. Ramakrishna Rao (Chairman)	R. Venkateswara Rao (Member)	K. Vara Prasad Raju (Member)
Remuneration Committee	R. Venkateswara Rao (Chairman)	V. Ramakrishna Rao (Member)	K. Vara Prasad Raju (Member)
Investor Grievance & Share Transfer Committee	R. Venkateswara Rao (Chairman)	V. Rama Jrishna Rao (Member)	V. A. Rama Raju (Member)

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Message from the Chairman



Dear Fellow Shareholders, Greetings!

It gives me immense happiness to write to you at the end of this financial year and would like to bring to your information few important things that your company has adopted in order to deliver superior growth and value creation for the coming financial years.

In this year, which is weighed down with disturbances in the State, sharp currency fluctuations, overall inflationary scenario, global downturn and recession, the company succeeded in maintaining the costs and tried for sizeable increase in turnover & operating margins during the year.

The Company believes that Information Technology (IT) continues to be in its rapid pace and also continued to be an important catalyst in the economic growth of the Country and also for the sustainable growth of your company. The company is now focusing on all emerging markets for market penetration and market development.

VAMA is dedicated and committed towards enhancing the value of your Company and bearing the same in mind the company is now marching towards the rapid expansion of its business with an aim to elevate VAMA to one of the most trusted Indian companies. VAMA has drawn up a Strategy which is inline with our approach to outperform and create superior value for all its stakeholders. Under this strategic approach the company plans to multiply its sales and profits from its current levels to reach the targets of 'the company, which inturn will enable us to drive strong profitable growth and create further value of its stakeholders, customers and business partners.

On the other hand, your company firmly believes that, the success of any business enterprise like ours can be possible because of its employees who put in their unrelenting efforts to rise to excellence. Whatever so far we have achieved and we will achieve is entirely due to hard work, perseverance, commitment and dedication of the employees of our company.

Further, we would like to bring to your information that, in view of the circulars from the Ministry of Corporate Affairs [MCA] on Green Initiative in Corporate Governance, we would like to request you to understand the initiative taken by the Ministry and welcome the change, which will help the shareholders

to have easy and prompt communication of the Annual Reports. Also it will reduce the paper and thereby help in protecting the environment for our future generations. Therefore, you are requested to ensure that you have updated your email Ids with your DPs at the earliest possible.

I sincerely thank all our shareholders, business partners, and our customers for their continued support and faith in your company. I would like to assure you that your company would continue to remain committed to deliver its strong growth and be one of the top players in the Indian Corporate world.

With Best Wishes

Sd/-

V. A. Rama Raju
Chairman and Managing Director

7th September, 2012
Hyderabad, A.P.

Notice

27th Annual General Meeting



Notice is hereby given that the Twenty Seventh (27th) Annual General Meeting [AGM] of the Members of M/s. VAMA Industries Limited will be held on Saturday, 29th day of September, 2012 at 10.00 A.M at #201, Sri Sai Darsan Residency, 7-1-408 to 413, Balkampet Road, Ameerpet, Hyderabad 500 016, to transact the following items of business :

ORDINARY BUSINESS

Item 1: Adoption of Accounts

To receive, consider and adopt the Audited Balance Sheet as at March 31, 2012 and the Profit & Loss Account for the year ended on that date along with the Reports of the Directors and Auditors thereon.

Item 2: Declaration of Dividend

To declare final dividend on equity shares for the fiscal year ended 31st March, 2012

Item 3: Reappointment of Mr. V. Rama Krishna Rao

To appoint a Director in place of Mr. V. Rama Krishna Rao, who retires by rotation and being eligible, offers himself for reappointment.

Item 4: Reappointment of Mr. K Vara Prasad Raju

To appoint a Director in place of Mr. K. Vara Prasad Raju, who retires by rotation and being eligible, offers himself for reappointment.

Item 5: Appointment of Auditors

To appoint auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to pass the following resolution thereof:

“RESOLVED THAT, M/s. GV & Co., Chartered accountants (Firm Registration No: 012875S) be and are hereby re-appointed as the auditors of the company to hold the office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on such remuneration as may be determined by the Board of Directors.

By Order of the Board
For VAMA Industries Limited

Sd/-

Shilpa Kotagiri
Company Secretary

September 7, 2012
Hyderabad, A.P.

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPPOINT ONE OR MORE PROXY TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING THE PROXY SHOULD BE DEPOSITED AT THE REGISTERD OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Members are requested to bring their copies of Annual Report together with notice to the meeting in order to enable us to register your attendance at the venue of the Annual General Meeting. Further we request you to please bring your Folio Number/ Demat Account Number/ DP ID to enable us to give you a duly filled Attendance Slip for signature.
3. Corporate Members intending to send their authorised representative to attend the Meeting are requested to send to the company a certified copy of the Board Resolution authorizing their Representative to attend and vote on their behalf at the Meeting.
4. In case of joint holders attending the Meeting, only such joint holders who are higher in the order of names will be entitled to vote.
5. In terms of Section 256 of the Companies Act, 1956, Sri V Rama Krishna Rao and Sri K Vara Prasad Raju, retire by rotation at the ensuing Meeting and being eligible, offer themselves for re-appointment. The Board of Directors of the Company commends their respective reappointments.
6. The Register of Members and Share Transfer Books will remain closed from Wednesday, September 26, 2012 to Saturday, September 29, 2012 (both days inclusive).
7. The dividend on Equity shares, if declared at the Meeting, will be dispatched / credited to those members whose names shall appear on the Company's Register of Members on Tuesday, September 25, 2012 in respect of the shares held in dematerialised form, the dividend will be paid to members whose names

are furnished by National Securities Depository Limited [NSDL] and Central Depository Services (India) Limited [CDSL] as beneficial Owners as on that date.

8. As per RBI Notification, the remittance of money through ECS is replaced by National Electronic Clearance Services (NECS) and banks have been instructed to move to the NECS Platform. This is in addition to the existing facility of ECS in other locations. NECS essentially operates on the new and Unique Bank Account number, allotted by Banks pursuant to implementation of Core Banking Solutions (CBS) for Centralized processing of inward instructions and efficient handling of bulk transactions.

In this regard, shareholders holding shares in electronic form are requested to furnish the new 10 digit bank Account Number allotted to them by the Bank after implementation of CBS, along with photocopy of a cheque pertaining to the concerned account, to your depository participant (DP). Please send these details to the Company/ Registrars, if the shares are held in Physical form, immediately.
9. Members who hold shares in the Dematerialized form and want to change/correct the bank account details should send the same immediately to their concerned Depository Participant and not to the Company. Members are also requested to give the MICR code of their Bank to their Depository Participants. While making payment of Dividend, Registrar is obliged to use only the data provided by the Depositories.
10. Physical Shares – Payment of Dividend through NECS: Members holding shares in Physical form are advised to submit particulars of their Bank account viz. Name and Address of the Branch of the Bank, MICR code of the branch, type of account and account number to our Registrar and Share Transfer Agent, M/s. Bigshare Services Private Limited, G-10, Left Wing, Amrutha Ville, Somajiguda, Rajbhavan Road, Hyderabad – 500 082, A.P. India.
11. Members holding shares in Physical form are requested to advise any change of address immediately to the Company/ Registrar and Transfer Agents M/s. Bigshare Services Private Limited.
12. Members who are holding Physical Shares in identical order of names in more than one folio are requested to send to the Company or Company's Share Transfer agent the details of such folios together with the Share Certificates for consolidating their holding in one folio. The Share Certificates will be returned to the members after making requisite changes, thereon.
13. Members who wish to claim Dividend, which remain unclaimed are requested to either correspond with the Corporate Secretarial Department at the Company's Registered Office or the Company's Registrar and Share Transfer Agent (Bigshare Services Private Limited). Members are requested to note that dividends not encashed or claimed within Seven years and 30 days from the date of declaration of dividend, will as per Section 205A(5) read with section 205C of the Companies Act, 1956 be transferred to the Investor Education and Protection Fund (IEPF) of Government of India.
14. Members are requested to mandatorily quote their Registered Folio No or Demat Account No and Depository Participant Identification Number (DPID No) on all correspondence with the company.
15. Securities and Exchange Board of India [SEBI] vide circular ref NO. MRD/Dop/CIR-05/2007 dated April 27, 2007 made PAN the sole Identification Number for all participants transacting in the Securities Market, irrespective of the amount of transaction. In continuation of the aforesaid circular, it is hereby clarified that for Securities Market Transactions and off market/ private transactions involving transfer of shares of listed companies in Physical form, it shall be mandatory for the transferee(s) to furnish copy of PAN card to the company/ RTA's for registration of such Transfer of Share.

16. Members are advised to update the email Id With Company's RTA and/or concerned Depository participants as soon as possible.
17. Pursuant to Clause 49 of the Listing Agreement, brief profile of the Directors seeking reappointment at the ensuing Annual General Meeting fixed for 29th September, 2012 is as follows:-

V. Rama Krishna Rao

Date of Birth	: February 09, 1962
Date of Appointment	: May 07, 2004
Qualification	: B.Com., CWA Inter
Expertise	: Rich and varied experience in the areas of Accounts and Taxation
Directorship held in other Public companies (Excluding Foreign Companies) : Nil	
Memberships / Chairmanships of committees of other public companies : Nil	
Shareholding in the company as on 31.03.2012 : Nil	

K Vara Prasad Raju

Date of Birth	: February 09, 1962
Date of Appointment	: May 07, 2004
Qualification	: B.Com., CWA Inter
Expertise	: Rich and varied experience in the areas of Accounts and Taxation
Directorship held in other Public companies (Excluding Foreign Companies) : Nil	
Memberships / Chairmanships of committees of other public companies : Nil	
Shareholding in the company as on 31.03.2012 : Nil	

By Order of the Board
For VAMA Industries Limited

September 7, 2012
Hyderabad, A.P.

Sd/-
Shilpa Kotagiri
Company Secretary

Directors' Report



Dear Fellow Shareholders,

On behalf of the Board of Directors, I am happy to present the 27th Directors Report of your Company along with the Balance Sheet and Profit & Loss Account for the year ended March 31, 2012..

FINANCIAL PERFORMANCE

The Financial performance of the Company, for the year ended March 31, 2012 is summarized below:

(₹ in Lakhs)

Particulars	Audited	
	2011-12	2010-11
Turnover	1401.77	1007.84
Other Income	2.87	2.03
+/- in Inventory	117.83	16.58
Total Income	1522.46	1026.45
PBIDT	122.38	134.33
Less: (i) Interest	13.04	8.87
(ii) Depreciation	82.66	101.91
Profit Before Tax	26.68	23.55
Less: Provision for Tax		
- Current	7.09	4.37
- Deferred	(3.22)	(2.82)
Profit After Tax	22.82	22.01
Less: Appropriations		
a) Proposed Dividend	7.04	14.08
b) Tax on Proposed Div	1.14	2.39
Earning Per Share (EPS)	0.32	0.31
Balance Carried to B/S.	14.63	5.54

BUSINESS PERFORMANCE

Our Revenues from Operations for the Current year increased to Rs.1401.77 Lakhs against an amount of Rs.1007.84 Lakhs for the year 2010-11 and the profit after tax for the year stood at Rs. 22.82 Lakhs when compared to Rs.22.01 for the previous year 2010-11.

The above revenue includes income from Services of Rs. 44,606,408/- and revenue from Sales & Services of Rs.95,570,528/-.

Further, your Company has earned a Profit (Before Tax) of Rs. 26.68 Lakhs for the financial year 2011-12 as against Rs. 23.55 Lakhs for the previous financial year 2010-11.

DIVIDEND

Your Board of Directors recommends a final dividend of 1% (Re. 0.10 per share) on 70,38,000 fully paid Equity Shares of Rs. 10/- each for the year ended March 31, 2012 [Previous year Rs- 0.20 per Equity Share of Rs. 10/- each] to be appropriated from the profits of the year 2011-12, subject to the approval of shareholders at the ensuing Annual General Meeting. The Dividend will be paid in Compliance with applicable Regulations.

SUBSIDIARY

During the year under review, M/s. VAMA Asia Pte. Ltd, the erstwhile wholly owned subsidiary of M/s. VAMA Industries Limited, which had its Registered office in Singapore has been wound up and been dissolved.

FUTURE OPERATIONS

The Company believes that Information Technology (IT) continues to be in its rapid pace and also continued to be an important catalyst in the economic growth of the Country and also for the sustainable growth of your company. Hence your company concentrates more on its core competence area, the IT sector.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In accordance with the provisions of Clause 49 of the Listing Agreement, a Report on the Management's Discussion and Analysis on Company's Performance – industry trends and other material changes with respect to the Company and its subsidiaries, wherever applicable are presented under the head Management Discussion and Analysis Report under **Annexure A** to this Directors Report.

REAPPOINTMENT OF STATUTORY AUDITOR

The Statutory Auditors M/s. GV & Co, Chartered Accountants retires at the ensuing Annual General Meeting and has confirmed their eligibility and willingness to accept office, if reappointed. The proposal for their re-appointment is included in the notice for Annual General Meeting sent herewith.

QUALITY

The Company Continues to maintain successfully the Quality Management Systems to the requirements of ISO 9001:2008 Standards.

FIXED DEPOSITS

Your Company has not accepted any Fixed Deposits. Hence there is no outstanding amount as on the Balance Sheet date.

CORPORATE GOVERNANCE

VAMA firmly understands and believes the importance of Corporate Governance. Your company always aims for its growth by adhering to the National and International Corporate Governance Standards.

The Compliance Report on Corporate Governance and a Certificate from the auditors of the Company regarding compliance of the conditions of Corporate Governance, as stipulated under clause 49 of the Listing Agreement with stock exchanges, is attached as **Annexure B** and forms part of this Annual Report.

LISTING & TRADING

The Equity Shares of the Company are listed on the Bombay Stock Exchange Limited, Mumbai. The Company has paid the listing fees for the financial year 2012-13. You may further note that the listing/trading was never suspended at any time during the financial year 2011-12.

PARTICULARS OF EMPLOYEES

None of the employees falls within the preview of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Amendment Rules, 2011

DIRECTORS

Pursuant to the provisions of Section 256 of the Companies Act, 1956 Mr. V Rama Krishna Rao and Mr. K Vara Prasad Raju retire by rotation at the ensuing AGM and being eligible, offer themselves for re-appointment.

DEMATRIALISATION OF SHARES

99.55% of the total paid up equity shares of the Company are in dematerialized form as on 31st March, 2012.

RESPONSIBILITY STATEMENT

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

- In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed and that no material departures are made from the same ;
- They have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the company at the end of the Financial year and of the profits of the company for the period;
- They 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;
- The annual accounts have been prepared on a going concern basis.

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

The Particulars as prescribed pursuant to provisions of Section 217(1)(e) of the Act read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is enclosed as **Annexure –C** to this Report.

ACKNOWLEDGEMENTS AND APPRECIATIONS

Your Directors take this opportunity to thank the shareholders, Customers, Suppliers, Bankers, Business Partners/ Associates, Financial Institutions and Central and State Government offices, last but not the least our employees for their consistent support and encouragement to the company.

For and on behalf of the Board

Sd/-

V. A. Rama Raju

Chairman and Managing Director

September 7, 2012
Hyderabad, A.P.

Management Discussion and Analysis Report

Annexure-A forming part of Directors' Report



This Management Discussion and Analysis Report addresses the expectations and Projections of the company for its future, about its Product Development, Market Position, Market Development and Penetration, Expenditure, Financial Results, Risks and Concerns etc. However, the expectations shared herein are not limited to the Company's Growth. The Company's actual results, performance or achievements could differ from those shared herein.

On the other hand, our Management declares that, the financial statements have been prepared in compliance with the requirements of the Companies Act, 1956 guidelines issued by the Securities Exchange Board of India (SEBI) and the Generally Accepted Accounting Principles (GAAP) in India.

A. Industry Structure & Developments

The year 2011-12 is characterised as landmark year of Indian IT industry, as the aggregate revenue of the industry is estimated to have crossed US\$ 100 billion. Despite continuous challenging environment in the global markets, the exports are projected to increase by 16%, while domestic revenue is projected to increase by about 9%. While the global macroeconomic scenario remains uncertain, the industry is expected to follow growth path in FY 2012-13, driven by the need of the customers to be more competitive in their efforts to recover from global slowdown, and the IT Industry's readiness to provide innovative solutions and new business models. Investment in IT is increasingly being seen by the customers as important element of growth strategies and also a fundamental catalyst of cost reduction and cost optimisation.

A NASSCOM study has predicted export revenue growth of 11-14% and domestic revenue growth of 13-16% in FY 2012-13. The study also predicts the growth to be driven by new business models, organisation efficiencies, services around disruptive technologies such as cloud, mobility, analytics, social media, flexible product portfolio and virtualised solutions. The prevailing global megatrends present new opportunities and risk for the industry, which will shape the technology industry landscape. VAMA is gearing itself to derive benefits of the emerging trends and opportunities.

Quality Service & Customer Care

VAMA is very focused on Engineering; IT & IT enabled services with Design Engineering services especially in Automotive, Engineering. We are very focused on attaining industry expertise and keen on ensuring specialization in support for our clients. Therefore, we continue to evaluate and train our professionals in new technologies and methodologies. Finally, we ensure the integrity of our service delivery by utilizing a secure methodology.

We firmly believe that, our process, methodologies, knowledge management systems and tools minimize the overall cost to the client and improve from time to time. It also helps the client in marketing their solutions. The revenues attributed to the customer application development, maintenance and production support, product engineering, package enabled consulting and implementation and business transformation consulting services represented a part of our revenues in the financial period under review.

B. Financial Information

1. Sources of Funds

Currently, we have only one class of shares i.e., Equity Shares of par value Rs. 10/- each. Our Authorised Share Capital is Rs. 80,000,000 divided into 80, 00,000 equity shares of Rs. 10/- each. The Issued, Subscribed and Paid Up capital stood at Rs. 70,380,000 divided into 70, 38,000 equity shares Rs. 10/- as at March 31, 2012 (same as the previous year).

2. Profit & Loss Account

The balance retained in the Profit & Loss account as at March 31, 2012 is Rs. 1,463,530/- after providing for final dividend for the year of Rs. 703,800/- and Dividend Tax of Rs. 114,174/- thereon. The total amount of profits appropriated to dividend including Dividend tax was Rs 817,974/- as compared to Rs. 1,646,822/- in the previous year.

3. Deferred Tax Assets/ Liabilities

We recorded net Deferred Tax Liabilities of Rs 267,896/- as at March 31, 2012 (Previous Year Rs. 589,511/-)