



**31st
Annual Report
2015-16**

VAMA INDUSTRIES LIMITED

PAGE CONTENTS

VAMA INDUSTRIES LIMITED

02	Corporate Information
04	Message from the Chairman
05	Notice
14	Directors' Report
23	Secretarial Audit Report
42	Management Discussion and Analysis Report
47	Conservation of Energy, Research and Development
59	Corporate Governance Report
83	CEO & CFO Certification
84	Certificate on Corporate Governance
85	Auditor's Report
91	Balance Sheet
92	Statement of Profit and Loss
93	Cash Flow Statement
94	Statement of Changes in Equity
95	Notes forming part of Financial Statements
119	Attendance Slip
121	Proxy form
123	Ballot form
124	Route Map

Corporate Information



Executive Directors

V. Atchyuta Rama Raju
V. Rajam Raju

Designation

Chairman and Managing Director
Executive Director

Non Executive & Independent Directors

V. Rama Krishna Rao
R. Venkateswara Rao
K. Vara Prasad Raju
R. Rama Sravanthi

Company Secretary & Compliance Officer

Rohit Tibrewal

Statutory Auditor

GV & Co.
Grandhi Vittal
Chartered Accountants
#H.No 2159, Ananda Nilayam, Street No.3,
Vani Nagar Malkajgiri, Hyderabad – 500047.

Internal Auditor

V.N.S. Srinivas
Chartered Accountant
H. No. – 13-1-185/4, Sree Nilayam
Snehapuri Colony, Moti Nagar,
Hyderabad-500018.

Bankers

State Bank of India
HDFC Ltd
Corporation Bank

Registrar & Share Transfer Agents

M/s. Bigshare Services Private Limited
306, Right Wing, Amrutha Ville
Opp.Yashoda Hospital, Somajiguda,
Rajbhavan Road, Hyderabad – 500 082, T.S. India.

Registered Office

Ground Floor, 8-3-191/147/24
Plot No. B-12, Madhura Nagar
S.R. Nagar[Post], Hyderabad 500 038
Telangana., India.
Tel: +91 40 6661 5534 / 6661 9919
Fax: +91 40 2370 8672

Corporate Office at Hyderabad

Ground Floor, 8-2-248/1/7/78/12,13
Block-A, Laxmi Towers, Nagarjuna Hills,
Punjagutta, Hyderabad - 500082
Website & email Id for Investors
Website : www.vamaind.com
email Id : investorservices@vama.co.in

Corporate Office at Mumbai

Office No: 619, 6th Floor,
Maker Chambers - V
Nariman Point,
Mumbai - 400021, Mah., India.

31st Annual General Meeting

Date & Time : 26th September, 2016 at 10.00 A.M
Day: Monday
Venue: Hotel Innner Circle,
Raj Bhavan Road, Somajiguda,
Hyderabad – 082.

Secretarial Consultants

P.S Rao & Associates
Company Secretaries
Flat No: 10, 4th Floor # 6-3-347/22/2,
Dwarkapuri Colony, Panjagutta, Hyd– 082

Dates of Book Closure

From: 20th September, 2016 [Tuesday]
To: 26th September, 2016 [Monday]
(Both days inclusive)

Cut off Date

Date: 19th September, 2016 [Monday]

Committees of the Board

Audit Committee	V. Ramakrishna Rao (Chairman)	R. Venkateswara Rao (Member)	K. Vara Prasad Raju (Member)
Nomination & Remuneration Committee	R. Venkateswara Rao (Chairman)	V. Ramakrishna Rao (Member)	K. Vara Prasad Raju (Member)
Risk Management Committee	V. Ramakrishna Rao (Chairman)	V.A Rama Raju (Member)	V. Rajam Raju (Member)
Stakeholders Relationship Committee	R. Venkateswara Rao (Chairman)	V. Ramakrishna Rao (Member)	V. A. Rama Raju (Member)

Message from the Chairman



Dear Fellow Shareholders, Greetings!

It gives me immense pleasure to present a brief report on the performance of our company for the financial year 2015-16. FY '15-'16 was a year of consolidation for our company. The quantum jump of FY 2014-15 performance had thrown open many challenges and the major being, sustainability. I am overwhelmed by FY 2015-16 performance as it proves a point that our company has achieved the stability required to scale higher in the years to come. I take this opportunity to assert all my fellow shareholders that our company is at the threshold of a high growth path and the performance shall speak for itself in the immediate years to come. As you all know, our company operates in two segments:

1. Defence and Space.
2. ITES.

Defence and Space:

In this segment, our company had humble beginning as a box seller i.e. sale of laptops and desktops and from this stage we have grown to a position of system integrator. During this journey, we have entered in to Enterprise class business which effectively means we are setting up data centers at various locations thus enabling the basic infrastructure. The initial relationship was with one organization and the same has grown multifold. It is hearting to share with you that we are competing with big names in the industry, to procure orders. All the major OEMs have started recognizing us and their support, to bid projects, is overwhelming.

ITES:

It is this vertical which had given your company the required momentum in the initial days of business. The business process services, which include product design and development, delivers solutions, enable our clients to do business better. All the revenue in this segment is in foreign currency. Though this vertical was contributing more revenues in the earlier days, the share in overall revenue has come down because of factors like completion scope of work, client opening a base in India. Management's efforts to increase the turnover are paying and results shall be reflected at the earliest.

External factors shall also have a bearing on company's performance. India is one of the few countries to have a positive growth in adverse global developments. The effects of Brexit slow/no growth rate of America are to be traded cautiously as the magnitude of negative effect on the Indian economy is to be assessed. However, we are confident of growth in defence and space areas as they have become essential for any country's technical advancement and India being the cheapest provider of these services, we feel more comfortable to have been in these segments.

With Best Wishes

Sd/-

V. A. Rama Raju

Chairman and Managing Director

23rd August, 2016
Hyderabad.

Notice

31st Annual General Meeting



Notice is hereby given that the Thirty First (31st) Annual General Meeting [AGM] of the members of Vama Industries Limited will be held on Monday, 26th day of September, 2016 at 10.00 A.M at Hotel Inner Circle, Raj Bhavan Road, Somajiguda, Hyderabad - 500082, to transact the following items of business :

ORDINARY BUSINESS

Item 1: Adoption of Financial Statement

To receive, consider and adopt the audited Financial Statement of the Company for the Financial Year ended March 31, 2016, the Reports of the Board of Directors and Auditors thereon.

Item 2: Declaration of Dividend

To declare final dividend on equity shares for the financial year ended March 31, 2016.

Item 3: Reappointment of Director

To appoint a Director in place of Smt. R. Rama Sravanthi (DIN:07098278) who retires by rotation and being eligible offers herself for reappointment.

Item 4: Ratification of Appointment of Auditors

To ratify the appointment of Statutory Auditors of the Company and to fix their remuneration and in this regard, 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 Sections 139, 142 and all other applicable provisions contained under the Companies Act, 2013, read with relevant Rules made thereunder, and pursuant to the recommendation of the Audit Committee and the resolution passed by the members in their AGM held on 25.09.2014, the appointment of M/s GV & Co, Chartered Accountants, (Registration No. 012875S), Hyderabad who were appointed as the Statutory Auditors of the Company to hold the office as such till the conclusion of 32nd Annual General Meeting, be and is hereby ratified and the Board of Directors of the Company be and are hereby authorised to fix the remuneration payable to the Statutory Auditors for the audit of the accounts for the financial year ending March 31, 2017.”

SPECIAL BUSINESS:

Item 5: Sub-Division of the nominal value of the equity share.

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 61 and other applicable provisions, if any, of the Companies Act, 2013 and Rules made there under (including any statutory modifications or re-enactment thereof for the time being in force), and in accordance with Article 56 of the Articles of Association of the Company and subject to the approvals, consents, permissions and sanctions, if any, required from any authority and subject to such conditions as may be agreed to by the Board of Directors of the Company (hereinafter referred to as “the Board”, which in term shall also include any Committee thereof), consent of the Members be and is hereby accorded to sub-divide each Equity Share of the Company having Face value of Rs.10/- (Rupees Ten only) into 5(Five) Equity Shares of Face value of Rs. 2/- (Rupees Two only) each fully paid-up and consequently, the Authorized Share Capital of the Company of Rs.11,00,00,000/- (Rupees Eleven Crores only) would comprise of 5,50,00,000(Five Crores Fifty Lakhs) Equity Shares of Rs. 2/- (Rupees Two only) each with effect from the “Record Date” to be determined by the Board for this purpose.”

“RESOLVED FURTHER THAT pursuant to the sub-division of the Equity Shares of the Company each Equity Share of the Face value of Rs. 10/- (Rupees Ten only) as existing on the Record Date shall stand sub-divided into 5(Five) Equity shares of the Face value of Rs. 2/-(Rupees Two only) each fully paid-up, with effect from the record date.”

“RESOLVED FURTHER THAT on sub-division, the 5(Five) Equity Shares of the Face value of Rs. 2/- (Rupees Two only) each be issued in lieu of one Equity Share of Rs. 10/-(Rupees Ten only) each, subject to the terms of Memorandum and Articles of Association of the Company and shall rank paripassu in all respects and shall have the same rights as the existing fully paid Equity Shares of Rs. 10/- (Rupees Ten only) each of the Company.”

“RESOLVED FURTHER THAT upon sub-division of Equity Shares of the Company as aforesaid, the

existing share certificate(s) in relation to the existing Equity Shares of Face value of Rs. 10/- (Rupees Ten only) each held in physical form shall be deemed to have been automatically cancelled and be of no effect on and from the Record Date of sub-division and the Company may, without requiring the surrender of existing share certificate(s) directly issue and dispatch the new share certificate(s) of the Company in lieu of such existing share certificate(s) within the period prescribed or that may be prescribed in this behalf from time to time and in the case of shares held in dematerialized form, the number of sub-divided Equity Shares be credited to the respective beneficiary accounts of the shareholders with the Depository Participants, in lieu of the existing credits representing the Equity Share before sub-division."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to fix a Record Date and to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental there to, and to execute all deeds, applications, documents and writings that may be required, on behalf of the company and generally to do all such acts, deeds, matters and things and to give such directions as may be necessary, proper and expedient or incidental for the purpose of giving effect to this resolution."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of its powers to any Committee thereof as it may deem appropriate in this regard."

Item 6: Amendment to clause V of the Memorandum of Association of the Company.

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 contained in Section 13, 61 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s), amendment or re-enactment thereof), the existing Clause V of the Memorandum of Association of the Company be and is hereby amended by deletion of the existing

Clause V and by substitution thereof by the following clause:

'V. The Authorized Share Capital of the Company is Rs. 11,00,00,000/- (Rupees Eleven Crores Only) divided into 5,50,00,000 (Five Crores Fifty Lakhs) Equity Shares of Rs. 2/- (Rupees Two) each, with the rights, privileges and conditions attached thereto as are provided by regulations of the Company for the time being in force, with power to increase and reduce the Capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the regulations of the Company.'

"RESOLVED FURTHER THAT the Board of Directors or a Committee thereof be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable and expedient for giving effect to this resolution and/or otherwise considered by them in the best interest of the Company."

By the Order of the Board
For Vama Industries Limited

Sd/-
Rohit Tibrewal
Company Secretary
M. No. – A31385

Date: 23rd August, 2016
Hyderabad

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXY TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.

2. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
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. The Register of Members and Share Transfer Books will remain closed from Tuesday, September 20, 2016 to Monday, September 26, 2016 (both days inclusive).
6. Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the Registered

Office of the Company on all working days, except Saturdays, during business hours upto the date of the Annual General Meeting.

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 Monday, September 19, 2016 and in respect of the shares held in dematerialized 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. Members, who hold shares in the dematerialized form and wish to change/ rectify 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.
9. 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, type of account and account number to our Registrar and Share Transfer Agent, M/s Bigshare Services Private Limited, Hyderabad.
10. Members holding shares in Physical form are requested to advise any change of address immediately to the Company/ Registrar and Share Transfer Agent M/s. Bigshare Services Private Limited.

The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their Demat accounts. Members holding shares

in physical form may submit their PAN to the Company / Big Share Services (P) Ltd.

11. Members who are holding Physical Shares in identical order of names in more than one folio are requested to send to the Company or to the Company's Share Transfer agent, the details of such folios together with the Share Certificates for consolidating their holding into single folio. The Share Certificates will be returned to the members after making requisite changes thereon.
12. Members who wish to claim Dividend, which has remained unclaimed are requested to either correspond with the Secretarial Department at the Company's Registered Office or the Company's Registrar and Share Transfer Agent (M/s. Bigshare Services Private Limited). Members are requested to note that dividends not encashed or not claimed within **Seven Years** from the date of transfer to the Company's Unpaid Dividend Account, will as per Section 205A(5) read with Section 205C of the Companies Act, 1956 (Section 124 (5) read with Section 125 (1) of the Companies Act, 2013) shall be transferred to the Investor Education and Protection Fund (IEPF) of Government of India.
13. 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.
14. 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 to 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 for registration of such Transfer of Shares.

15. Members are advised to update their email IDs with Company's RTA and/or concerned Depository participants as soon as possible.

16. Remote E-Voting

The items of business as set out in the Notice may be transacted through electronic voting system. Therefore, the Company is providing facility for voting by electronic means. Pursuant to Section 108 of the Companies Act 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time and in force as on date and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to offer remote e-voting facility, as an alternate, to its members in respect of the business to be transacted at the AGM.

The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Monday, September 19, 2016, i.e. the date prior to the commencement of Book Closure date, are entitled to vote on the resolutions set forth in this Notice. Eligible members who have acquired shares after the dispatch of the Annual Report may approach the Company for required assistance in connection with generation of the User ID / Password in order to exercise their right to vote by electronic means. The remote e-voting period will commence at 9.00 A.M. on Friday, September 23, 2016 and will end at 5.00 P.M. on Sunday, September 25, 2016. The members will not be able to cast their votes electronically beyond the date and time mentioned above.

The Company has appointed Mr. Vikas Sirohiya, Practicing Company Secretary (Membership. No. 15116 and C.P No. 5246) to act as the Scrutinizer to conduct and scrutinize the voting process in a fair and transparent manner. The Members desiring to vote through electronic mode may refer to the detailed procedure on remote e-voting given hereunder:

PROCEDURE FOR REMOTE E-VOTING:

The remote e voting period begins on Friday, September 23, 2016 (9.00 A.M.) and ends on Sunday, September 25, 2016 (5.00 P.M.). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. September 19, 2016, may cast their vote electronically. The remote e-voting module shall be disabled by CDSL for voting thereafter.

A. In case of members receiving e-mail (for members whose e-mail address are registered with the Company/Depositories)

- (i) The shareholders should log on to the remote e-voting website www.evotingindia.com.
- (ii) Click on "Shareholders" tab.
- (iii) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (iv) Next enter the Image Verification as displayed and Click on Login.
- (v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vi) If you are a first time user follow the steps given below:

	For Members holding shares in Demat/ Physical Form
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of '0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB	<p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member ID / folio number in the Dividend Bank details field as mentioned in instruction (iii).