



VAMA INDUSTRIES LIMITED

**33rd
Annual Report
2017-18**

www.vamaind.com

| CONTENTS | PAGE No |
|---|----------------|
| CORPORATE INFORMATION | 2 |
| MESSAGE FROM THE CHAIRMAN | 4 |
| NOTICE | 5 |
| DIRECTORS REPORT | 22 |
| ANNEXURES TO DIRECTORS REPORT | 33 |
| SECRETARIAL AUDIT REPORT | 35 |
| REPORT ON CORPORATE GOVERNANCE | 69 |
| INDEPENDENT AUDITOR'S REPORT | 93 |
| STANDALONE BALANCE SHEET | 99 |
| STANDALONE PROFIT & LOSS STATEMENT | 100 |
| STATEMENT OF CHANGES IN EQUITY | 101 |
| STANDALONE CASH FLOW STATEMENT | 102 |
| NOTES TO FINANCIAL STATEMENTS | 103 |
| CONSOLIDATED FINANCIAL STATEMENTS | |
| INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS | 137 |
| CONSOLIDATED BALANCE SHEET | 142 |
| CONSOLIDATED PROFIT & LOSS STATEMENT | 143 |
| CONSOLIDATED STATEMENT OF CHANGES IN EQUITY | 144 |
| CONSOLIDATED CASH FLOW STATEMENT | 145 |
| NOTES TO CONSOLIDATED FINANCIAL STATEMENTS | 146 |
| ATTENDANCE SLIP | 181 |
| PROXY FORM | 183 |
| BALLOT FORM | 185 |
| ROUTE MAP | 186 |

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 |
| K. Vara Prasad Raju V. Srinivas K. Venkata Krishna Rao | M K Bhaskara Teja |
| Non-Executive Director | Internal Auditors |
| R. Rama Sravanthi | KCR & Associates Chartered Accountants 1-3-176/4/G/9, Gandhi Nagar, Kavadiguda, Hyderabad - 500080. |
| Statutory Auditors | Registrar & Share Transfer Agents |
| M/s. NSVR & Associates LLP., Chartered Accountants Flat No. 201, Nestcon Gayatri, Plot no.28, Near South Indian Bank, Panchavathi Co-Operative Society, Road No.10, Banjara Hills, Hyderabad-500034, | M/s. Bigshare Services Private Limited 306, Right Wing, Amrutha Ville Opp.Yashoda Hospital, Somajiguda, Rajbhavan Road, Hyderabad – 500 082. |
| Bankers | Secretarial Consultants |
| State Bank of India HDFC Bank | P.S Rao & Associates Company Secretaries Flat No: 10, 4th Floor # 6-3-347/22/2, Dwarakapuri Colony, Panjagutta, Hyderabad–500082 |
| Registered Office | Website & email Id for Investors |
| Ground Floor, 8-3-191/147/24 Plot No. B-12, Madhura Nagar S.R. Nagar[Post], Hyderabad 500 038 Tel: +91 40 6661 5534 / 6661 9919 Fax: +91 40 2370 8672 | Website : www.vamaind.com email Id : investorservices@vama.co.in |
| Corporate Offices: | 33rd Annual General Meeting |
| Ground Floor, 8-2-248/1/7/78/12,13 Block-A, Laxmi Towers, Nagarjuna Hills, Punjagutta, Hyderabad - 500082 Office No: 619, 6th Floor, Maker Chambers - V Nariman Point, Mumbai - 400021. | Date & Time : 26th September, 2018 at 10.00 A.M Day: Wednesday Venue: Hotel Innner Circle, Raj Bhavan Road, Somajiguda, Hyderabad – 500082. |
| Cut off Date | Book Closure Period |
| Date: 19th September, 2018 [Wednesday] | From: 20th September, 2018 [Thursday] To: 26th September, 2018 [Wednesday] (Both days inclusive) |

COMMITTEES OF THE BOARD

Audit Committee

| | | |
|-------------------------|---|----------|
| Mr. V. Srinivas | – | Chairman |
| Mr. K. V. Krishna Rao | – | Member |
| Mr. K. Vara Prasad Raju | – | Member |

Nomination and Remuneration Committee

| | | |
|-------------------------|---|----------|
| Mr. K. V. Krishna Rao | – | Chairman |
| Mr. V. Srinivas | – | Member |
| Mr. K. Vara Prasad Raju | – | Member |

Stakeholders Relationship Committee

| | | |
|--------------------------|---|----------|
| Mr. K.V. Krishna Rao | – | Chairman |
| Mr. V. Srinivas | – | Member |
| Mr.V. Atchyuta Rama Raju | – | Member |

Risk Management Committee

| | | |
|---------------------------|---|----------|
| Mr. V.Srinivas | – | Chairman |
| Mr. V. Atchyuta Rama Raju | – | Member |
| Mr. V. Rajam Raju | – | Member |

Message from the Chairman



Dear Stakeholders,

Greetings!

This is indeed the time, if feel, for me and my team mates on the Board and other colleagues to share with all of you, the journey we have traversed during the year gone by. I take this privileged opportunity to present certain key glimpses of our Company's performance, its financial position, its industry positioning and the various opportunities before it.

When I peep into my previous year's message, I recollect certain statements made to you as regards our performance and the growth story thereon. The financial figures of 2017-18 show a noteworthy improvement over the corresponding figures of FY 2016-17. Our realistically planned and strategized business model coupled with timely execution has put us in a commendable position in the niche space of our operations.

Our wholly owned subsidiary in Singapore, has served its purpose well. Undoubtedly, it has been able to bridge the gap between the Company and its clients located overseas. We feel it will further go a long way in delivering our overseas commitments and providing satisfactory services to our offshore clients. As a part of our drive to expand our territorial reach, we have opened an office in Bengaluru apart from that in New Delhi. Further, we are now better geared up to bid for government contracts of higher value. Orders which were received from ISRO & CDAC during the year are very significant to us and based on that we shall expand our business in different territories in India. We have been implementing projects all over India for Defence and Space sectors and are taking up turnkey projects.

We are increasing the sales and marketing activities for the international market especially for the Engineering Services, ITES business and IOT. We are confident that with the increase in sales and marketing activities; our international business will also grow on a sustained note.

I hope our strategies will yield positive results in the ensuing years and we will be able to present better and better results before you.

I take this opportunity to reaffirm to all the stakeholders that our company is well placed in terms of rival competition and the performance is bound to strengthen year upon year.

With this short message, I wrap up and wish all the stakeholders a very successful financial year ahead.

Good luck

Sd/-

V. Atchyuta Rama Raju
Chairman and Managing Director

Hyderabad.

Notice

33rd Annual General Meeting



Notice is hereby given that the Thirty Third (33rd) Annual General Meeting [AGM] of the members of Vama Industries Limited will be held on Wednesday, 26th day of September, 2018 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:

- a. the audited Financial Statement of the Company for the Financial Year 2017-18 together with the Report of the Board of Directors and Auditors thereon; and
- b. the audited Consolidated Financial Statement of the Company for the Financial Year 2017-18 together with the Report of the Auditors thereon.

Item 2: Declaration of Dividend.

To declare final dividend on equity shares for the financial year ended March 31, 2018.

Item 3: Reappointment of Director.

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

Item 4: Appointment of Auditors.

To appoint the 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 section 139, 140 (4), 141 and 142 and other applicable provisions of the Companies Act, 2013 (hereinafter referred to as the ‘Act’) and Rules there under, M/s. V N S S & Associates, Chartered Accountants, bearing FRN 018367S and in respect of whom the Company has received a Special Notice under Section 140 (4) of the Act, proposing their appointment in place of NSVR & Associates LLP., Chartered Accountants, who have

expressed their unwillingness to continue to hold the office as such, be and are hereby appointed as the Statutory Auditors of the Company to hold office for a period of 5 years, i.e, from the conclusion of the 33rd Annual General Meeting to the conclusion of the 38th Annual General Meeting, at such remuneration as may be agreed upon by the Board of Directors and the Auditors, in addition to the reimbursement of all out of pocket expenses incurred in connection therewith.”

SPECIAL BUSINESS

Item 5: To re-appoint Mr. V.Atchyuta Rama Raju (DIN: 00997493), to the office of Managing Director 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 of Section 196, 197, 203 and other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Schedule V to the Act (including any statutory modification(s) or re-enactments thereof for the time being in force), the re-appointment of Mr. V. Atchyuta Rama Raju (DIN: 00997493) to the office of Managing Director of the Company for a period of 3 years w.e.f 31.07.2018 at a remuneration of Rs.1.65Lacs per month as approved by the Nomination and Remuneration Committee and also by the Board of Directors, be and is hereby approved.

RESOLVED FURTHER THAT the Board be and is hereby authorized to increase or decrease the overall remuneration subject to the maximum limit of Rs.2.50lacs per month or make any variation(s), alteration(s), addition(s), deletion(s), to the aforementioned remuneration structure, as it may deem fit and proper, during the currency of tenure of Mr. V. Atchyuta Rama Raju as Managing Director of the Company.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds and things as may be required in this regard.

Item 6: To re-appoint Mr. V. Rajam Raju (DIN: 01314420), to the office of Executive Director 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 of Section 196, 197, 203 and other applicable provisions of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Schedule V to the Act (including any statutory modification(s) or re-enactments thereof for the time being in force), the re-appointment of Mr. V. Rajam Raju (DIN: 01314420) to the office of Executive Director of the Company for a period of 3 years w.e.f 31.07.2018 at a remuneration of Rs.1.50Lacs per month as approved by the Nomination and Remuneration Committee and also by the Board of Directors, be and is hereby approved.

RESOLVED FURTHER THAT the Board be and is hereby authorized to increase or decrease the overall remuneration subject to the maximum limit of Rs.2.25lacs per month or make any variation(s), alteration(s), addition(s), deletion(s), to the aforementioned remuneration structure, as it may deem fit and proper, during the currency of tenure of Mr. V. Rajam Raju as Executive Director of the Company.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds and things as may be required in this regard.

Item 7: Appointment of Mr. V. Srinivas (DIN: 08050605), to the office of Independent Director

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

“RESOLVED THAT Mr. V. Srinivas (DIN: 08050605), who was appointed by the Board of Directors as an Additional Director of the Company with effect from January 10, 2018 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 161(1) of the Companies Act, 2013 (“Act”) and the Articles of Association of the Company but

who is eligible for appointment and in respect of whom the Company has received a notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as Director of the Company.”

“RESOLVED FURTHER THAT pursuant to the provisions of section 149, 152 and other applicable provisions, if any, of the Act and the Companies (Appointment and Qualifications of Directors) Rules, 2014, read with Schedule IV to the Act, as amended from time to time, the appointment of Mr. V. Srinivas to the office of Independent Director, who meets the criteria for independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and who has submitted a declaration to that effect, and who is eligible for appointment as an Independent Director of the Company, not liable to retire by rotation, for a term of five years commencing from January 10, 2018 be and is hereby approved.”

Item 8: Appointment of Mr. K. Venkata Krishna Rao (DIN: 01889382) to the office of Independent Director

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

“RESOLVED THAT Mr. K. Venkata Krishna Rao (DIN: 01889382), who was appointed by the Board of Directors as an Additional Director of the Company with effect from January 10, 2018 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 161(1) of the Companies Act, 2013 (“Act”) and the Articles of Association of the Company but who is eligible for appointment and in respect of whom the Company has received a notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as Director of the Company.”

“RESOLVED FURTHER THAT pursuant to the provisions of Section 149, 152 and other applicable provisions, if any, of the Act and the Companies (Appointment and Qualifications of Directors) Rules, 2014, read with Schedule IV to the Act, as amended from time to time, the appointment of Mr. K. Venkata

Krishna Rao to the office of Independent Director, who meets the criteria for independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and who has submitted a declaration to that effect, and who is eligible for appointment as an Independent Director of the Company, not liable to retire by rotation, for a term of five years commencing from January 10, 2018 be and is hereby approved.”

By the Order of the Board
For Vama Industries Limited

Sd/-
M K Bhaskara Teja
Company Secretary
M. No. A39542

24th August, 2018
Hyderabad

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXY TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF/HERSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING THE PROXY SHOULD BE DULY COMPLETED AND DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE ANNUAL GENERAL 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 the Annual Report to the Meeting.

3. Corporate Members intending to send their authorized 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. Member / Proxies / authorised representatives should bring the duly filled attendance slip to attend the meeting.
6. **The Register of Members and Share Transfer Books will remain closed from Thursday, September 20, 2018 to Wednesday, September 26, 2018 (both days inclusive).**
7. 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 during business hours upto the date of the Annual General Meeting.
8. The dividend on Equity shares, if declared at the Meeting, will be dispatched / credited to those members whose names appear on the Company's Register of Members on the close of Wednesday, September 19, 2018 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.
9. Members, who hold shares in the dematerialized form and wish to change / rectify the bank 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, type of account and account number to our Registrar and Share Transfer Agent, M/s Bigshare Services Private Limited, Hyderabad.
11. Members holding shares in Physical form are requested to advise any change of address immediately to the Company/ Registrar and Share Transfer Agent.
12. 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 / Bigshare Services (P) Ltd.
13. 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.
14. 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 Companies Act, be transferred to the Investor Education

and Protection Fund (IEPF) of Government of India.

15. 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.

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.

16. Members are advised to update their email IDs with Company's RTA and/or concerned Depository participants as soon as possible.
17. As per Secretarial Standards 2 (SS-2), complete particulars of the venue of the Meeting (route map) is attached herewith to the Notice.
18. Information in respect of Directors seeking appointment/ re-appointment as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached herewith to the Notice.

19. Remote E-Voting :

The items of business 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 Wednesday, September 19, 2018, 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 Sunday, September 23, 2018 and will end at 5.00 P.M. on Tuesday, September 25, 2018. 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 at 9.00 A.M. on Sunday, September 23, 2018 and ends at 5.00 P.M. on Tuesday, September 25, 2018. 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, 2018, 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: