



**25<sup>th</sup> ANNUAL GENERAL MEETING**  
Thursday, September 30, 2010 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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**COMPANY INFORMATION**

**Board of Directors**

**V A Rama Raju**

Chairman & Managing Director

**V Rajam Raju**

Executive Director

**V Rama Krishna Rao**

Independent Director

**R Venkateswara Rao**

Independent Director

**K Vara Prasad Raju**

Independent Director

**Pushpa Katkuri**

Company Secretary

**STATUTORY AUDITOR**

Grandhi Vittal

Chartered Accountant

**INTERNAL AUDITOR**

M/s. B.M. Kumar & Associates

**BANKERS**

State Bank of India

ICICI Bank Ltd

HDFC Bank

**REGISTERED OFFICE**

# 201, Sri Sai Darsan Residency  
7-1-408 to 413, Balkampet Road  
Ameerpet, Hyderabad – 500 016, A.P., India  
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, A.P., India.  
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 Twenty Fifth ANNUAL GENERAL MEETING of Vama Industries Limited will be held at the Registered Office of the Company at #201, Sri Sai Darsan Residency, 7-1-408 to 413, Balkampet Road, Ameerpet, Hyderabad – 500 016, on Thursday, September 30, 2010 at 11:00 A.M. to transact the following items of business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2010 and the Profit and Loss account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare Dividend on equity shares.
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 consider and if thought fit, to pass with or without modification, the following resolution as ORDINARY RESOLUTION:**

**“RESOLVED THAT** Mr. Grandhi Vittal, Chartered Accountant (M.No.206462) who retire at the conclusion of this Annual General Meeting (AGM), be and is hereby appointed as Statutory Auditor of the Company to hold office from the conclusion of this meeting until the conclusion of the next AGM on such remuneration as may be fixed by the Board of Directors of the Company.”

**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.1,25,000/- Per Month to Rs.1,65,000/- Per Month with effect from 1st April, 2010, 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 and 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, 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. 1,25,000/- Per Month to Rs.1,50,000/- Per Month with effect from 1st April, 2010, 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 and instruments as may be required to give effect to the aforesaid resolution."

By Order of the Board of Directors  
**Vama Industries Limited**

Sd/-  
**Pushpa Katkuri**  
Company Secretary

Place: Hyderabad  
Date: 25.08.2010



**NOTES:**

- (i) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN THE MEETING. AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
- (ii) Members/proxies should bring duly-filled Attendance Slips sent herewith to attend the meeting.
- (iii) The Register of Members and Share Transfers Books will remain closed from September 27, 2010 to September 30, 2010 (both days inclusive).
- (iv) The Statutory Registers (Register under Section 301 and Section 307 of the Companies Act, 1956) will be made available at the venue of the meeting.
- (v) 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.
- (vi) Dividend, if declared, at the Annual General Meeting, shall be paid by way of Demand Drafts / ECS to those members, whose names appear in the Register of Members on close of business hours on September 26, 2010. 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.
- (vii) Members whose shareholding is in the electronic mode are requested to direct change of address notifications and updation of bank account details to their respective Depository participants.
- (viii) Members are requested to address all communication relating to shares to the Company's Registrar and Share Transfer Agents, Bigshare Services Private Limited, G-10, Left Wing, Amrutha Ville, Somajiguda, Rajbhavan Road, Hyderabad – 500 082, India.
- (ix) An Explanatory Statement pursuant to provisions of Section 173(2) of the Companies Act, 1956, is annexed hereto. The information pursuant to Clause 49 of the Listing Agreement with respect to the details of Directors seeking appointment/ re-appointment in this Annual General Meeting as given under the head "Additional Information" is hereunder.



**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. 1,25,000/- Per Month to Rs.1,65,000/- 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.1,25,000/- Per Month to Rs.1,50,000 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.

**Additional Information**

Pursuant to clause 49 of the Listing Agreement, brief profile of the Directors seeking reappointment in the forthcoming AGM:

- 1. Name : Mr. V. Rama Krishna Rao**
- Date of Birth : February 9, 1962
- Date of appointment : May 7, 2004
- Expertise : Rich and varied experience in the areas of Accounts and Taxation.
- Qualification : B.Com., CWA Inter.
- Directorship held in other Public Companies (excluding foreign companies) : Nil
- Membership / Chairmanship of Committees of other Public Companies : Nil
- No. of shares held in the Company as on March 31, 2010 : Nil
- 2. Name : Mr. K. Vara Prasad Raju**
- Date of Birth : March 16, 1965
- Date of appointment : May 07, 2004
- Expertise : Rich experience in Automobile and Engineering Industry.
- Qualification : Diploma in Automobile Engineering
- Directorship held in other Public Companies (excluding foreign companies) : Nil
- Membership / Chairmanship of Committees of other Public Companies : Nil
- No. of shares held in the Company as on March 31, 2010 : Nil

By Order of the Board of Directors

Sd/-

**Pushpa Katkuri**  
Company Secretary

Place : Hyderabad  
Date : 25.08.2010

**DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting the 25th Director's Report on the business and operations of your Company for the financial year ended March 31, 2010.

**FINANCIAL HIGHLIGHTS**

(Rs. in lakhs)

Particulars	Financial Year	
	2009-2010	2008-2009
<b>Turnover</b>	<b>903.17</b>	806.86
Other Income	3.29	18.19
Increase/Decrease in Inventories	66.04	1.35
<b>Total Income</b>	<b>972.51</b>	826.39
Profit before Interest, Depreciation and Tax	147.79	126.61
Less: (i) Interest	3.18	2.08
(ii) Depreciation	105.46	80.24
<b>Profit before Tax</b>	<b>39.15</b>	44.29
Less: Provision for Tax		
- Current	9.18	15.41
- Deferred	(3.48)	(0.26)
- Fringe Benefit Tax	-	1.99
<b>Profit After Tax</b>	<b>33.45</b>	27.14
<b>Less: Appropriations</b>		
a) Proposed Dividend	14.08	14.08
b) Tax on Proposed Dividend	2.39	2.39
Earning Per Share (EPS)	0.48	0.39
Balance Carried to Balance Sheet	16.98	10.67

**BUSINESS PERFORMANCE**

During the financial year 2009-10, the income by way of operations showed a reasonable increase and stood at Rs. 903.17 lakhs when compared to Rs. 806.86 lakhs for the financial year 2008-09. The above revenue includes income from Software Development & ITES of Rs. 561.86 lakhs (previous year Rs 430.88 lakhs) and from Product/Hardware sales & services of Rs. 341.31 lakhs (previous year Rs. 375.98 lakhs). Further, your Company convincingly fetched Profit before tax of Rs. 39.15 lakhs for the financial year 2009-10 as against Rs.44.29 lakhs for the previous financial year 2008-09. The Net profit (after tax) for the financial year 2009-10 stood at Rs. 33.45 lakhs as against Rs. 27.14 lakhs for the previous financial year.

**DIVIDEND**

Your directors have recommended a final dividend of Re 0.20 per share (2%) on 70,38,000 fully paid Equity Shares of Rs. 10/- each for the year ended March 31, 2010 (Previous year – Re. 0.20 per Equity Share of Rs. 10/- each).





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**SUBSIDIARY**

Vama Asia Pte. Ltd, is the wholly owned subsidiary of Vama Industries Limited, having its office in Singapore. For the financial year 2009-10, the company has recorded a net loss of S \$ 3,585 (previous year net loss S \$ 3,418).

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**

Pursuant to the provisions of Section 256 of the Act, 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.

None of the Directors of the Company is disqualified under the provisions of the Companies Act, 1956 or under the Listing Agreement with the Stock Exchange.

Pursuant to the provisions of Clause 49 of the Listing Agreement, brief particulars of the retiring directors who are proposed to be re-appointed are 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:

- a. the applicable accounting standards have been followed in the preparation of the annual accounts for the financial year 2009-10;
- b. 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 2010 and of the Profit of the Company for the year ended on that date;
- c. 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;
- d. 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 offer himself for reappointment. Your directors recommend his reappointment for the financial year 2010-11.

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 9001:2008 Implementation**

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

**FIXED DEPOSITS**

Your 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.

**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 2010-11. You may further note that the listing / trading was not suspended at any time during the Financial Year 2009-10.

**PARTICULARS OF EMPLOYEES**

Particulars of employee as required under section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975 for the year ended 31st March 2010:

Name & Age	Designation	Qualification	Date of Joining	Experience	Gross Remuneration (in Rs.)	Previous employment
Ch. Venkata Panduranga Rao 48 years	Vice President	M.E. (Mechanical)	May 10, 2004	26 years	30,00,000 p.a.	Mahindra Engineering Services Ltd.

**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 – A to this Report.

**MANAGEMENT DISCUSSION & ANALYSIS**

Pursuant to the provisions of Clause 49 of the Listing Agreement, a report on Management Discussion & Analysis is enclosed as Annexure - B 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.

Your company will continue to implement and adhere to the policies of good corporate governance.

**ACKNOWLEDGEMENTS**

Your Directors wish to place on record their gratitude to the Company's shareholders, customers, vendors, bankers and all other stakeholders for their continued support to its growth initiatives. Your Directors also wish to place on record, their appreciation of the contribution made by employees at all levels, who, through their competence, sincerity, hard work and dedicated support, have enabled your Company to make rapid progress in its business initiatives.

Your Directors also thank the Central and State Governments and their various agencies, particularly, the Software



Technology Parks of India, Departments of Customs and Central Excise, MCA, SEBI, Stock Exchanges, 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

Sd/-

**V A Rama Raju**

Chairman & Managing Director

Place: Hyderabad

Date: 25.08.2010

**CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTGO**

PARTICULARS PURSUANT TO COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

**A) CONSERVATION OF ENERGY**

The operations of the Company are not energy intensive. However, adequate measures have been taken to conserve and reduce the energy consumption by using energy efficient hardware and other equipment.

**B) TECHNOLOGY ABSORPTION, ADAPTAION AND INNOVATION, RESEARCH & DEVELOPMENT.**
**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

Your Company continues to develop state-of-the-art methods for absorbing, adapting and effectively deploying new technologies. Your Company also continues to invest in the latest hardware and software.

**RESEARCH AND DEVELOPMENT**

The Research & Development activity of the Company is mainly focused on Software product development and ITES systems to meet customer's requirements.

As a result of research efforts, the Company has been able to develop processes and methodologies that have resulted in constant improvement in quality and productivity.

The future plan of action also lays stress on introduction of new software products for both domestic and export market. And the Company continues to use the state-of-the-art technology for improving the productivity and quality of its products and services.

<b>Expenditure on R&amp;D</b>	<b>2009-10</b>	<b>2008-09</b>
Capital	NIL	154.81
Recurring	NIL	NIL
Total	NIL	154.81
Total R&D Expenditure as % of total turnover	NIL	18.73

**C) FOREIGN EXCHANGE EARNINGS AND OUTGO:**

1. Activities relating to exports, initiatives taken to increase exports, development of new export market for products and services and export plans.

The company is in the business of export of software and it is an ongoing process for the company to explore and tap new markets.

Being an EOUE, the main services of your Company, IT & ITES are provided in the International markets and the Company continuously strives to export its entire services.

**2. Foreign exchange earnings and outgo: (Rs. in lakhs)**

<b>Particulars</b>	<b>FY 2009-10</b>	<b>FY 2008-09</b>
Foreign exchange earnings	399.30	297.83
Foreign exchange outgo	11.96	7.33

For and on behalf of the Board

Sd/-

**V A Rama Raju**

Chairman &amp; Managing Director

Place: Hyderabad

Date: 25.08.2010

**MANAGEMENT DISCUSSION AND ANALYSIS****A. INDUSTRY STRUCTURE AND DEVELOPMENTS**

The Company continues to be focused on Engineering, IT and IT enabled services. With Design Engineering Services we have made major impact in Automotive, Engineering, Oil & Natural Gas and Manufacturing Sectors.

Engineering services have gained prominence amongst leading organizations world-wide and the demand for these services is continuously rising. NASSCOM (in association with Booz & Co) in its study on India Engineering Services opportunity has forecast that engineering services from India will usher in the next wave of opportunity on the outsourcing front and the global spend on engineering services would be about US \$ 1.4 trillion by 2020. NASSCOM has forecast that the engineering, R & D and software products exports from India are expected to grow to USD 40-50 billion by 2020. Engineering Services is still at a nascent stage of development in India and the market is presently fragmented in terms of players and their competencies

According to NASSCOM Strategic Review Report 2010, the worldwide BPO market is expected to touch \$ 148 billion by 2013, representing a CAGR, of 6.11%. Key factors supporting this projection are the growing impact of technology led innovation, the increasing demand for global sourcing and gradually evolving socio-political attitudes. Global Delivery led organizations are expected to get an increased share of the IT services spends due to the powerful combination of scale, quality and cost embedded in their business model. In India, the IT services market is estimated to account for 39% of the domestic IT industry. The key verticals driving the growth of the IT services market are Retail, Government, Healthcare, Telecom and Manufacturing. However, according to IDC's report – India domestic IT/ITeS market top 10 predictions for 2010, the India domestic IT/ITeS market growth rate will come down from an average of 24% recorded during 2003-08 to 14.6% over the next five years to 2013.

According to NASSCOM Strategic Review Report 2010, IDC forecasts that worldwide hardware spending will increase from \$600 billion in 2008 to \$680 billion in 2013, representing a CAGR of 2.53%. According to NASSCOM Strategic Review Report 2010, the hardware market in India is estimated to account for 39% of the domestic IT industry, growing at about 3% in 2010.

**B. OPPORTUNITIES, THREATS**

Global companies are increasingly turning to offshore technology service providers in order to meet their need for high quality, cost competitive technology solutions. Technology companies have been outsourcing software research and development and related support functions to offshore technology service providers to reduce cycle time for introducing new products and services. According to NASSCOM Strategic Review Report 2009, IDC forecasts a CAGR of over 6.18% in offshore IT spending, for the period 2008-13. As a de-risking strategy, companies have moved from giving mega large orders to breaking up of deals to get better price advantage. This has opened up opportunities for Indian IT companies to participate in these large multi-million dollar deals. Global companies are expanding their outsourcing activities to leverage the high quality, cost competitive IT services from India.

We believe our quality process and access to skilled talent base at lower costs enables us to take advantage of the trend towards outsourcing IT services.

India is being viewed as a key market among the emerging economies. Several multinational IT Companies and Indian IT Services companies are focusing on the Indian markets. The IT products market is a dynamic and highly competitive market.

**C. RISKS AND CONCERNS**

The risks and uncertainties include, but are not limited to, risks and uncertainties regarding fluctuations in earnings and exchange rates, the company's ability to manage growth, intense competition in IT services including those factors which may affect our cost advantage, wage increases in India, increased training and resource cost, our ability to attract and retain highly skilled professionals, increasing customer expectation, time and cost overruns on fixed price contracts, client concentration, restrictions on immigration, our ability to manage our international marketing & sales operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks, liability for damages on our service contracts & product warranty, the success of the companies in which the Company has made strategic investments, withdrawal of governmental fiscal incentives, political instability, legal restrictions on acquiring companies outside India, and unauthorized use of our and our customers' intellectual property, the latter when in our possession as well as general economic conditions affecting our industry.

**D. OUTLOOK**

Despite the unprecedented economic downturn, the Company is confident that it will witness sustainable growth. The global technology related spending is expected to grow from 2010 onwards led by adoption of outsourcing and this would augur well for the Company. Greater focus on cost and operation efficiencies in the recessionary environment is expected to enhance global sourcing. And the Company would remain focused on tactical measures to achieve cost savings and greater productivity.

**E. SEGMENT-WISE PERFORMANCE**

As of March 31, 2010 our reportable segments, were Software Development & Services (comprising of IT & IT enabled services) and Product/Hardware Sales & Services.

Out of the total turnover, the Software Development & ITES segment generated a revenue of Rs.561.86 lakhs (previous year Rs 430.88 lakhs) and the Product sales & services segment contributed to the tune of Rs. 341.31 lakhs (previous year Rs.375.98 lakhs). This is in tune with the consistent focus of the management, wherein it is laying more thrust on IT enabled services, which is the niche area of the Company.

**F. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The internal control systems adopted by the Company are adequate and appropriate to its operations. The system has been designed to ensure that assets and interest of the Company are protected and dependability of accounting data and its accuracy are ensured with proper checks and balances.

The Company has internal audit to examine and evaluate the adequacy and effectiveness of Internal Control System. The internal audit ensures that the systems designed and implemented, provides adequate internal control commensurate with the size and operations of the Company.

The Company has appointed M/s. B M Kumar & Associates, to oversee and carry out an internal audit of the Company's activities. The audit is based on an Internal Audit Plan, which is reviewed each year in consultation with the statutory auditors and the Audit Committee.

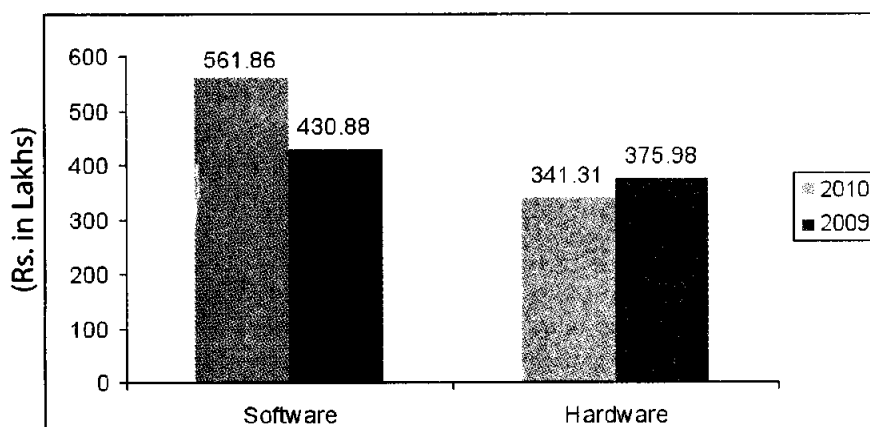
The Internal Audit process is designed to review the adequacy of internal control checks in the system and covers all significant areas of the Company's operations. The Company has an Audit Committee, the details of which have been provided in the Corporate Governance Report. The Audit Committee reviews Audit Reports submitted by the Internal Auditors.

The Company also meets the Company's statutory auditors to ascertain their views on the adequacy of internal control systems in the Company and keeps the Board of Directors informed of its major observations at periodic intervals.

**G. FINANCIAL OVERVIEW**
**RESULTS OF OPERATIONS**
**Total Income**

(Rs. in lakhs)

Particulars	Year ended March 31,		Growth %
	2010	2009	
Income from Software Development & Services	561.86	430.88	30.39%
Income from Hardware Sales & Services	341.31	375.98	(9.22)%
Total Sales	903.17	806.86	11.93%
Other Income	3.29	18.18	(81.90)%
Total Income	906.46	825.04	9.87%

**Segment wise performance**

**Profitability**

(Rs. in lakhs)

Particulars	Year ended March 31,		Growth %
	2010	2009	
Earnings before Interest, Depreciation and Tax (EBIDTA)	147.79	126.61	16.73%
Financial Expenses	3.18	2.08	52.88%
Depreciation	105.46	80.24	31.43%
Profit Before Tax	39.15	44.29	(11.61)%
Tax	5.70	13.16	(56.68)%
Profit for the year	33.45	27.14	23.25%

**H. HUMAN RESOURCES**

People are considered to be the key resource for the success of the organization in the long run. The Company is committed to provide a favorable work environment to its employees along with balanced compensation package. In this pursuit the Company provides series of training & development programs on various subjects to retain talent and to facilitate empowerment amongst employees

The Company also keeps an eye on the attrition levels and draws up appropriate plans to ensure the employees at all levels find an environment that encourages performance and transparency in performance appraisal. No. of employees as of March 31, 2010: 142



## 1. COMPANY'S PHILOSOPHY

The Company has set itself the objective of expanding its capabilities and becoming globally competitive in the business. As a part of its growth strategy, the company believes in adopting the "best practices" that are followed in the area of Corporate Governance

Good Corporate Governance aims to achieve balance between shareholders' interest and corporate goals, by providing long-term visions of its business and establishing the systems and procedures that help the Board in enhancing the trust and confidence of the stakeholders.

The Company emphasizes the need for full transparency, professionalism, accountability and integrity in all its transactions, in order to protect the interest of its stakeholders. The Company believes that an independent Board following good governance practices, transparent disclosures and empowerment of stakeholders are necessary for sustaining shareholder value.

The Company believes that good Corporate Governance practices provide an important platform to assist the management and the Board in delivering its responsibilities. The Company has always been taking the spirit of various legislations as guiding principles and has done well beyond simple statutory compliance. The Board of directors of the company has responsibility of protecting the long term interests of all the stakeholders, while adhering to sound principles of corporate governance.

Your Company is committed to maintain high standards of Corporate Governance and conforms to the compliances as provided in clause 49 of the Listing Agreement with the Stock Exchange and has implemented all the prescribed requirements.

The Company has professionals on its Board of Directors who are actively involved in the deliberations of the Board on all important policy matters.

## 2. BOARD OF DIRECTORS

### (a) Size and composition of Board

As on 31st March, 2010, VAMA's Board consisted of 5 members two of whom are executive directors and three are independent directors.

The Board believes that the current size is in conformity with clause 49 of the Listing Agreement, which stipulates that atleast 50% of the Board should consist of Independent Directors, if the Chairman of the Board is an Executive Director. The Board periodically evaluates the need for change in composition of its size

### b) Board Meetings

The Board of Directors met 6 times during the year on 29th April 2009, 30th July 2009, 27th August 2009, 30th October 2009, 28th January 2010 and 20th March 2010. The maximum time gap between any two consecutive meetings did not exceed four months.

### c) Directors' attendance record and Directorships held

None of the Directors are members of more than Ten Board-level Committees or are they Chairman of more than five such committees.

Details of the Directors Attendance, Directorships held in other Companies and Committee Positions. are as follows:

Name	Category	No of Meetings during the year		No of Memberships in other companies (excluding private limited Companies)		Attendance at previous AGM
		Held	Attended	Boards	Committees	
Mr. V. A. Rama Raju	Promoter Chairman & Managing Director	6	6	Nil	Nil	Yes
Mr. V. Rajam Raju	Promoter Executive Director	6	6	Nil	Nil	Yes
Mr. R Venkateswara Rao	Independent Director	6	6	Nil	Nil	Yes
Mr. K Vara Prasad Raju	Independent Director	6	6	Nil	Nil	Yes
Mr. V Ramakrishna Rao	Independent Director	6	6	Nil	Nil	Yes

*As mandated under clause 49, the Independent Directors on VAMA's Board:*

- ❖ *Do not have any material pecuniary relationships or transactions with the Company, its promoters, Directors, Senior Management or its Holding Company, subsidiaries and Associates which may affect independence as a Director.*
- ❖ *Are not related to promoters or persons occupying management positions at the Board level or at one level below the Board.*
- ❖ *Have not been executive of the Company in the immediately preceding three financial years.*
- ❖ *Are not partners or executives or were not partners or executives during the preceding three years of the:*
  - *statutory audit firm or the internal audit firm that is associated with the Company*
  - *Legal firm(s) and consulting firm(s) that have a material association with the Company*
- ❖ *Are not material suppliers, service providers or customers or lessor or lessees of the Company, which may affect independence of the Director.*
- ❖ *Are not substantial shareholders of the Company i.e. do not own two percent or more of the block of voting shares.*
- ❖ *Are not less than 21 years of age.*

### **3. AUDIT COMMITTEE**

As of March 31, 2010, the Audit committee consists purely of independent and non-executive directors, all of whom are financially literate and provides assistance to the Board of directors in fulfilling its oversight responsibilities. The Audit committee has been entrusted with the responsibilities as laid down under Clause 49 of the Listing Agreement, to the extent applicable and required.

During the year the Audit Committee met 5 times on 29th April 2009, 30th July 2009, 27th August 2009, 30th October 2009 and 27th January 2010.

*The composition of the Committee and attendance at the meetings of the Committee are given below:*

<b>Name of the Member</b>	<b>Category</b>	<b>Position</b>	<b>No. of meetings held</b>	<b>No. of meetings attended</b>
Mr. V Ramakrishna Rao	Independent Director	Chairman	5	5
Mr. R Venkateswara Rao	Independent Director	Member	5	5
Mr. K Vara Prasad Raju	Independent Director	Member	5	5

All the members were present in each of such meeting.

Company Secretary is the Secretary to the Committee.

All Members of the Audit Committee have accounting and financial management expertise. The Chairman of the Audit Committee attended the previous Annual General Meeting (AGM) held on September 30, 2009 to answer the shareholders' queries.

**The functions of the Audit Committee include:-**

- Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.
  - Changes, if any, in accounting policies and practices and reasons for the same
  - Major accounting entries involving estimates based on the exercise of judgment by the management.
  - Significant adjustments made in the financial statements arising out of audit findings.
  - Compliance with listing and other legal requirements relating to financial statements.
  - Disclosure of any related party transactions.
  - Qualifications in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- Reviewing with the management, performance of the statutory and internal auditors and adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure
- To discuss with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

**The Audit Committee is empowered, pursuant to its terms of reference to:**

- Investigate any activity within its terms of reference.
- Seek information from any employee
- Obtain outside legal or other professional advice.
- Secure attendance of outsiders with relevant expertise, if it considers necessary

**4. REMUNERATION COMMITTEE**

The Company has a Remuneration Committee comprising of three Independent and Non-Executive Directors which determines the compensation and benefits for Executive Directors.

The composition of the Committee and the attendance of the Members at the Meetings of the Committee are given below:

Name of the Member	Category	Position	No. of meetings held	No. of meetings attended
Mr. R Venkateswara Rao	Independent Director	Chairman	2	2
Mr. V Ramakrishna Rao	Independent Director	Member	2	2
Mr. K Vara Prasad Raju	Independent Director	Member	2	2

**Remuneration policy**

The Remuneration Committee recommends to the Board the compensation package of the Executive / Non-Executive Directors of the Company. The remuneration of the Executive Directors is within the ceilings laid down by Schedule XIII of the Companies Act, 1956.

The Company's remuneration policy is driven by the success and performance of the managerial person. While reviewing the remuneration of management personnel, the committee takes into account the following:

- Financial position of the Company
- Trends in the Industry
- Appointee's qualification and experience
- Past performance
- Past remuneration etc.

**Details of Remuneration to Directors for the year 2009-10:**
**a) Executive directors:**

Name of the Director	Salary (Basic)	HRA	Other Allowances	Total
Mr. V A Rama Raju	8,40,000	3,36,000	3,24,000	15,00,000
Mr. V Rajam Raju	8,40,000	3,36,000	3,24,000	15,00,000

**b) Non-executive directors:**

Remuneration to Non – Executive Directors: Nil

Shares held by Non-Executive Directors in the Company: Nil

**5. SHAREHOLDERS / INVESTOR GRIEVANCE COMMITTEE**

The composition and attendance of the Shareholders/Investor Grievance Committee is as under:

Name of the Member	Category	Position	No. of meetings held	No. of meetings attended
Mr. R Venkateswara Rao	Independent Director	Chairman	4	4
Mr. K Vara Prasad Raju	Independent Director	Member	4	4
Mr. V A Rama Raju	Executive and Promoter	Member	4	4

The Shareholders / Investor Grievance Committee is responsible for resolving investor's complaints pertaining to share transfers, non receipt of annual reports, dividend payments, issue of duplicate share certificates, transmission of shares and other related complaints.

In addition to the above, this Committee is also empowered to oversee the work of M/s. Bigshare Services (P) Ltd who is entrusted with the task of Registrars and Share Transfer Agents of the Company.

Company Secretary is the Compliance Officer.

**Details of queries and grievances received and attended during the financial year 2009-10.**

S.No.	Nature of Queries / Complaints	Pending as on 1st April 2009	Received during the year	Redressed during the year	Pending as on 31st March 2010
1.	Transfer/Transmission/Issue of Duplicate Share Certificates	Nil	23	23	Nil
2.	Non-receipt of dividend	Nil	Nil	Nil	Nil
3.	Non-receipt of Annual Report	Nil	1	1	Nil

**6. GENEREAL BODY MEETINGS**

(i) Date, time and venue of the last three annual general meetings are:

AGM	Financial Year	Date	Time	Venue
24th	2008-09	September 30, 2009	10:00 A M	# 201, Sri Sai Darsan Residency, 7-1-408 to 413, Balkampet Road, Ameerpet, Hyderabad – 500016
23rd	2007-08	September 30, 2008	11:00 A M	# 201, Sri Sai Darsan Residency, 7-1-408 to 413, Balkampet Road, Ameerpet, Hyderabad – 500016
22nd	2006-07	September 29, 2007	11.00 A.M	# 201, Sri Sai Darsan Residency, 7-1-408 to 413, Balkampet Road, Ameerpet, Hyderabad – 500016

**(ii) Special Resolutions passed in the previous 3 AGM's**

The company passed the following Special Resolution(s) in the previous 3 AGMs as detailed below:

Sl. No.	Date of AGM	Special Resolutions passed in connection with
1	September 30, 2009	Nil
2	September 30, 2008	Nil
3	September 29, 2007	<ul style="list-style-type: none"> <li>• Revision in remuneration of Mr. V.A. Rama Raju, Chairman &amp; Managing Director</li> <li>• Revision in remuneration of Mr. V. Rajam Raju, Executive Director and</li> <li>• Appointment of Mr. Ch. V. Pandu Ranga Rao, Director (Technical)</li> </ul>

**(iii) Postal Ballot**

As the members are aware and as informed in our previous report, the following items of business were transacted and corresponding resolutions passed by way of postal ballot process which commenced on 30th July 2009 and ended on 2nd September 2009.

*Summary of Postal Ballot Process:*

Items of Business	Proposed as	Passed as	No. of valid Votes received	In favour of resolution		Against resolution	
				No. of votes	% of votes	No. of votes	% of votes
1. Upward revision in the remuneration of Mr. V. A. Rama Raju, the Chairman and Managing Director of the Company	Special Resolution	Special Resolution	43,08,098	43,08,098	100%	0	0%
2. Reappointment of Mr. V. A. Rama Raju as the Chairman and Managing Director of the Company for a period of 3 years w.e.f. 01.08.2009	Special Resolution	Special Resolution	43,08,098	43,08,098	100%	0	0%
3. Upward revision in the remuneration of Mr. V. Rajam Raju, the Executive Director of the Company	Special Resolution	Special Resolution	43,08,098	43,08,098	100%	0	0%
4. Reappointment of Mr. V. Rajam Raju as Executive Director of the Company for a period of 3 years w.e.f. 01.08.2009	Special Resolution	Special Resolution	43,08,098	43,08,098	100%	0	0%

Mr. P.S. Rao of M/s. P.S.Rao & Associates was appointed as Scrutinizer to conduct the Postal Ballot in a fair and transparent manner.

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**7. DISCLOSURES****(i) Related Party Transactions:**

Details of materially significant related party transactions i.e. transactions of the Company of material nature with its promoters, the Directors or the management, their subsidiaries or relatives, etc are presented in the Notes to Accounts.

The interested Directors neither participated in the discussions, nor voted on such matters.

**(ii) Details of non-compliance**

No Penalty/Strictures were imposed on the Company by the Stock Exchanges or SEBI or any Statutory Authority or any matter related to the capital market during the last three years.

**(iii) Details of Compliance of Mandatory requirements**

Company has fully complied with the applicable mandatory requirements of Clause 49 of the listing agreement executed with the Stock Exchanges.

**(iv) Adoption of non-mandatory requirements**

The Company has a Remuneration Committee to evaluate remuneration packages for the Directors. Details of the Committee have been provided under Section 'Remuneration Committee'

**(v) Auditors' Qualification on Financial Statements**

The Company's financial statements are free from any qualifications by the Auditors.

**(vi) Auditor's Certificate on Corporate Governance**

The Company has obtained a certificate from its Statutory Auditors testifying to its compliances with the provisions relating to Corporate Governance laid out in Clause 49 of the Listing Agreement executed with the Stock Exchanges. The certificate is annexed to this report.

**(vii) C.E.O. Certification:**

The CEO Certificate on the financial statement is annexed to the report.

**8. MEANS OF COMMUNICATION**

The Company regularly interacts with the shareholders through the multiple channels of communication such as publication of results, Annual Report and the Company's Website.

- a. Quarterly, half-yearly and annual results are published in Business Standard (English) and Andhra Prabha (Telugu) dailies.
- b. Financial results are furnished to The Bombay Stock Exchange Limited, Mumbai within the time specified under clause 41 of the listing agreement.
- c. No presentations were made to institutional investors or to the analysts during the year under review.
- d. The Company also informs Stock Exchange in a prompt manner, all price sensitive information and all such other matters which in our opinion are material and relevant for the shareholders.

**9. GENERAL SHAREHOLDER INFORMATION****i. Annual General Meeting :**

Date and Time : September 30, 2010 at 11:00 A.M.  
Venue : # 201, Sri Sai Darsan Residency,  
7-1-408 to 413, Balkampet Road, Ameerpet,  
Hyderabad – 500016, Andhra Pradesh, India.

**ii. Financial year :** April 01, 2009 to March 31, 2010.

**iii. Book Closure :** September 27, 2010 to September 30, 2010  
(both days inclusive).

**iv. Dividend :** Board of Directors at its Meeting held on August 25, 2010 recommended the dividend of Re. 0.20 (@2%) per Equity Share of Rs. 10/- each for the financial year ended March 31, 2010 for approval of the shareholders at the ensuing Annual General Meeting. If approved, the dividend will be paid on or before October 30, 2010

**v. Listing :** At present, the Equity shares of the Company are listed on the Bombay Stock Exchange Limited (BSE). The Annual Listing fees for the year 2010-11 has been paid to BSE. The Company has paid custodial fees for the year 2010-11 to National Securities Depository Limited and Central Depository Services (India) Limited on the basis of number of beneficial accounts maintained by them as on March 31, 2010.

**vi. Stock code :** BSE : 512175  
Scrip Name: Vama Industries Ltd  
Symbol: VAMA IND  
Series: EQ  
ISIN: INE685DO1014

**vii. Market price data**

Monthly high and low quotes of equity shares traded on Bombay Stock Exchange during the financial year 2009-10:

Month & Year	BSE		
	High (Rs.)	Low (Rs.)	Volume (No. of Shares)
April 2009	11.23	8.60	4,869
May 2009	11.10	8.51	44,425
June 2009	12.59	10.22	37,382
July 2009	13.65	9.13	22,358
August 2009	11.59	8.16	95,486
September 2009	13.50	9.89	63,398
October 2009	13.00	9.35	57,212
November 2009	11.45	8.95	51,113
December 2009	12.87	9.11	1,01,192
January 2010	12.75	9.05	87,727
February 2010	11.75	7.90	86,584
March 2010	10.85	8.57	1,19,143





**viii. Registrar and Transfer Agents & Share Transfer System** : The Board of Directors of the company have delegated the power of share transfer and related operations to M/s. Big Share Services Private Limited, Registrar and Share Transfer Agents.

**Address for correspondence** : All correspondence relating to the shares of the Company should be addressed to Bigshare at the address given below.

G-10, Left Wing, Amrutha Ville  
Opp. Yashoda Hospital  
Somajiguda, Rajbhavan Road  
Hyderabad – 500 082

The R&TA transfers the shares received in the physical mode on a fortnightly basis. The said transfers are ratified by the Share Transfer Committee and summary of the shares transferred is noted at the next Board Meeting.

**ix. Distribution of Shareholding as of March 31, 2010**

Number of shares	No. of Shares		No. of Shareholders		
	Number	% of total equity	Number	% of shares	
1	5000	7,71,631	10.96	1,110	88.80
5001	10000	3,66,352	5.21	50	4.00
10001	20000	6,24,246	8.87	42	3.36
20001	30000	4,85,074	6.89	19	1.52
30001	40000	3,54,091	5.03	10	0.80
40001	50000	2,69,755	3.83	6	0.48
50001	100000	4,66,835	6.63	7	0.56
	Above 1 lakh	37,00,016	52.57	4	0.48
<b>Total</b>		<b>70,38,000</b>	<b>100.00</b>	<b>1,248</b>	<b>100.00</b>

**x. Shareholding pattern by ownership as on March 31, 2010**

Category	No. of Shares	Percentage
Promoters, Directors and Relatives	39,53,916	56.18
Bodies Corporate	3,88,851	5.53
Public	26,90,214	38.22
NRIs' / OCBs'	2,519	0.04
Any other's (Clearing Members)	2,500	0.04
<b>Total</b>	<b>70,38,000</b>	<b>100.00</b>

**xi. Dematerialization of shares and liquidity as of March 31, 2010.**

As at 31st March 2010, 60,52,478 equity shares representing 86% of the total equity capital of the Company were held in dematerialised form.

The distribution of shares held in Physical and Demat form is given below:

Particulars	No. of shares	% of Total Holding
Physical Segment	985522	14
Demat Segment		
NSDL	5033748	71.52
CDSL	1018730	14.48
<b>Total</b>	<b>7038000</b>	<b>100.00</b>

**xii. Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on Equity.**

The company has not issued any of these instruments till date.

**xiii. Plant Locations : N.A**
**xiv. Address for correspondence :** The Company Secretary  
 Vama Industries Limited  
 # 201, Sri Sai Darsan Residency,  
 7-1-408 to 413, Balkampet Road,  
 Ameerpet, Hyderabad – 500 016, A.P., India

**xv. Other Information**
**a. Nomination in respect of shares held in physical form**

Section 109A of the Companies Act, 1956 extends nomination facility to individuals holding shares in physical form in companies. Members, in particular those holding shares in single name may avail of this facility by furnishing the particulars of their nominations in Form 2B for this purpose.

**b. Secretarial Audit**

A qualified practicing Company Secretary has carried out Secretarial Audit every quarter to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the aggregate total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

**c. Code of Conduct**

In compliance with clause 49 of the Listing Agreement, the Company has adopted a Code of conduct and ethics for Directors and employees. A copy of the code of conduct is available at the website of the Company: [www.vamaind.com](http://www.vamaind.com).

All the Board members and senior management executives of the Company have affirmed compliance with the Code of Conduct as applicable to them. A declaration to this effect signed by Mr. V. A. Rama Raju, Chairman and Managing Director is annexed to this report.



**CEO certification, issued pursuant to the provisions of  
Clause 49 of the Listing Agreement**

I have reviewed the financial statements, read with the cash flow statement of Vama Industries Limited for the year ended March 31, 2010 and that to the best of my knowledge and belief, I state that:

- (a) (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading
- (ii) these statements present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations
- (b) There are, to the best of my knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) I accept responsibility for establishing and maintaining internal controls for financial reporting. I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps I have taken or proposed to be taken to rectify these deficiencies.
- (d) I have indicated to the Auditors and the Audit committee
  - (i) significant changes in internal control over financial reporting during the year
  - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

**For Vama Industries Limited**

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

Date: August 25, 2010  
Place: Hyderabad.



**DECLARATION**

To  
The Members of  
Vama Industries Ltd.

Sub : Declaration under Clause 49 of the Listing Agreement

I hereby declare that all the Directors and Senior Management Personnel of the Company have affirmed compliance with the Company's Code of Business Conduct and Ethics for the financial year ended March 31, 2010.

**For Vama Industries Limited**

Sd/-

**V A Rama Raju**

Chairman and Managing Director

Place: Hyderabad

Date: 25.08.2010

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**AUDITORS' CERTIFICATE OF CORPORATE GOVERNANCE**

To the Members of  
Vama Industries Limited

We have examined the compliance of conditions of Corporate Governance by VAMA INDUSTRIES LIMITED, for the financial year ended March 31, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Sd/-

**Grandhi Vittal**

Chartered Accountant

Membership No.206462

Place : Hyderabad

Date : 25.08.2010

**AUDITORS' REPORT**

To  
**The Members,  
Vama Industries Limited  
Hyderabad**

We have audited the attached Balance Sheet of Vama Industries Limited, as at March 31, 2010 and also the related Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and on the basis of such checks of the books and records of the company, as we considered appropriate and the information and explanations given to us during the course of audit, we report that in our opinion:

1. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. All the assets have been physically verified by the management during the year and there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
2. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business. On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

Since the company has not granted or taken any loans from parties listed in the register maintained u/s.301, clauses 3(b), 3(c) and 3 (d) are not applicable.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.
5. Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the necessary entries were entered into the register maintained under section 301.
6. The company has not accepted any deposits within the provisions of section 58A and 58AA of the Companies Act, 1956 and The Companies (Acceptance of Deposits) Rules, 1975.
7. In our opinion, considering the size and nature of its business, the company has an internal audit system, which is adequate.

8. Maintenance of cost records has not been prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956 for the products of the company.
9.
  - a) As per the records of the company, and information and explanation provided to us, the company is generally regular in depositing statutory dues with appropriate authorities, the amount of provident fund, employees' state insurance, sales tax, income tax, customs duty, excise duty, cess and other statutory dues. No undisputed amounts were outstanding as at 31st March, 2010 for a period more than six months from the date they became payable.
  - b) Company received demand notices from Commercial Tax Department (Sales Tax) for the Financial Year 2006-07 for Rs. 5,82,778/- and Financial Year 2007-08 for Rs. 5,31,097/- respectively, in this regard we have filed an appeal at the Appellate Deputy Commissioner (CT) Punjagutta, Nampally, Hyderabad, by paying 12.5% of notice amount as deposit with the authorities.
10. The company doesn't have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the financial year immediately preceding such financial year.
11. In our opinion and as per information and explanations given to us the company has not defaulted in repayment of dues to financial institutions and banks.
12. Based on our examination of documents and records, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. Based on our examination of the records and evaluation of the related internal controls, the company is not dealing or trading in shares, securities, debentures and other investments.
14. According to the best of our information and explanations provided by the management, the company is neither a Chit/Nidhi/Mutual benefit fund/ Society. Hence the requirements of clause 4 (xiii) of the Order is not applicable.
15. The company has not given any guarantee for loans taken by others from bank or financial institutions.
16. In our opinion and as per information and explanations given to us the term loans were applied for the purpose for which the loan was obtained.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.
18. Based on our examination of records and information provided to us by management we report that the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
19. During the period covered by our audit report, the company has not issued any Debentures.
20. The company has not raised any money by issue of shares to public.
21. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

Further to our comments above, we report that:

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

- (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
- (iii) The balance sheet and profit and loss account dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the balance sheet and profit and loss account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (v) On the basis of written representations received from the Directors as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- a) In the case of the balance sheet, of the state of affairs of the company as at 31st March, 2010;  
and
  - b) In the case of profit and loss account, of the profit for the year ended on that date.
  - c) In the case of the cash flow statement of the cash flows of the company for the year ended on that date.

Sd/-  
**Grandhi Vittal**  
Chartered Accountant  
Membership No.206462

Place : Hyderabad  
Date : 25.08.2010

#### CERTIFICATE

We have examined the above cash flow statement of Vama Industries Limited for the year ended March 31, 2010. This statement has been prepared by the Company in accordance with the requirement under clause 32 of the listing agreement with the Stock Exchanges and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company for the year ended March 31, 2010.

Sd/-  
**Grandhi Vittal**  
Chartered Accountant  
Membership No.206462

Place : Hyderabad  
Date : 25.08.2010

**Balance Sheet as at March 31, 2010**

Particulars	Sch. No.	As at 31.03.2010 Amount in Rs.	As at 31.03.2009 Amount in Rs.
<b>A Sources of Funds</b>			
I Shareholders' Funds			
Share Capital	1	70,380,000	70,380,000
II Reserves & Surplus			
Profit and Loss A/c	2	11,486,380	9,787,928
Deffered Tax			
- Up to Previous year		1,220,122	1,245,830
- Current Year		(348,197)	(25,708)
III Loan Funds			
Secured Loans	3		
- From Banks		3,283,395	1,656,943
- From Others		-	-
		<u>86,021,700</u>	<u>83,044,994</u>
<b>B Application of Funds</b>			
I Fixed Assets			
Gross Block	4	70,192,389	69,532,701
Less : Depreciation		28,073,174	17,527,391
Net Block		42,119,215	52,005,310
II Investments	5	5,654,528	5,654,528
III Current Assets, Loans & Advances:			
a. Inventories	6	7,032,041	427,750
b. Sundry Debtors	7	27,544,248	19,407,509
c. Loans and Advances	8	6,660,764	1,867,708
d. Deposits	9	1,441,017	1,431,542
e. Pre-paid Expenses	10	1,177,888	198,060
f. Cash and Bank balances	11	7,692,366	6,252,409
g. Advance Tax		2,599,365	2,230,835
		<u>54,147,689</u>	<u>31,815,813</u>
Less : Current Liabilities & Provisions			
a. Liabilities	12	13,629,929	6,153,227
b. Provisions	13	2,564,818	3,387,462
		<u>16,194,747</u>	<u>9,540,689</u>
Net Current Assets		37,952,942	22,275,124
IV Miscellaneous Expenditure ( to the extent not written off or adjusted )	14	295,015	3,110,032
		<u>86,021,700</u>	<u>83,044,994</u>
Accounting Policies and Notes on Accounts	20		

The Schedules referred to above and the notes forming part of the accounts form an integral part of Balance Sheet

As per my report of even date

for and on behalf of the Board of Directors

Sd/-  
**Grandhi Vittal**  
Chartered Accountant  
Membership No. 206462

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

Sd/-  
**V. Rajam Raju**  
Executive Director

Place : Hyderabad  
Date : 25-08-2010

Sd/-  
**Pushpa Katkuri**  
Company Secretary





## Profit and Loss Account for the year ended March 31, 2010

Particulars	Sch. No.	As at 31.03.2010 Amount in Rs.	As at 31.03.2009 Amount in Rs.
<b>I Income</b>			
Revenue	15		
- Domestic		50,387,389	50,903,093
- Export [ 100% EOU ]		39,929,771	29,783,114
Other Income		329,272	1,818,524
Accreditation / Decreditation to Inventories	16	6,604,291	134,750
		<b>97,250,723</b>	<b>82,639,481</b>
<b>II EXPENDITURE</b>			
Cost of Products and Services	17	25,247,506	26,973,731
Administrative and Selling Expenses	18	53,082,344	39,867,073
Financial Charges	19	1,569,825	432,068
Pre-operative Expenses written-off	14	2,815,017	2,815,017
Depreciation	4	10,545,783	8,024,365
Prior period adjustment		75,175	98,318
		<b>93,335,650</b>	<b>78,210,572</b>
<b>III Profit before Tax</b>		<b>3,915,073</b>	<b>4,428,909</b>
Provision for Taxation			
- Current		917,996	1,541,190
- Deffered		(348,197)	(25,708)
- FBT		-	199,450
<b>IV Profit after Tax</b>		<b>3,345,274</b>	<b>2,713,977</b>
Proposed Dividend		1,407,600	1,407,600
Provision for Dividend Tax		239,222	239,222
Transfer to General Reserve		-	-
<b>V Balance carried forwarded to Next Year</b>		<b>1,698,452</b>	<b>1,067,155</b>
Accounting Policies and Notes on Accounts	20		

The Schedules referred to above and the notes forming part of the accounts form an integral part of Profit & Loss Account.

As per my report of even date

for and on behalf of the Board of Directors

Sd/-  
**Grandhi Vittal**  
Chartered Accountant  
Membership No. 206462

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

Sd/-  
**V. Rajam Raju**  
Executive Director

Sd/-  
**Pushpa Katkuri**  
Company Secretary

Place : Hyderabad  
Date : 25.08.2010



## Cash Flow Statement for the year ended March 31, 2010

(Rs. in Lakhs)

Particulars	Year ended 31.03.2010	Year ended 31.03.2009
<b>A. Cash flow from Operating activities</b>		
Net Profit before tax and exceptional item	39.15	44.29
<b>Adjustments</b>		
Profit / Loss on sale of fixed assets	0.00	0.00
Depreciation and Amortisation	105.46	80.24
Interest and Dividend income	(3.29)	(18.19)
Misc. Expenses written off	28.15	28.15
Effect of exchange differences on translation of foreign currency cash and cash equivalents	7.34	0.51
Interest paid	3.18	2.08
<b>Changes in current assets and liabilities</b>		
Trade and Other Receivables	(147.41)	(40.69)
Current Liabilities	74.77	1.08
Income Taxes paid during the year	(21.09)	(23.80)
Net cash generated by Operating activities	<u>86.25</u>	<u>73.68</u>
<b>B. Cash flow from Investing Activities</b>		
Purchase of Fixed Assets	(6.60)	(171.47)
Capital Work-in-progress	0.00	0.00
Proceeds on disposal of Fixed Assets	0.00	0.00
Investments	0.00	0.00
Acquisition of Companies	0.00	0.00
Advances	(47.93)	63.01
Deposits	(0.09)	3.63
Prepaid expenses	(9.80)	(0.20)
Right Issue expenses	0.00	0.00
Interest and Dividend Income	3.29	18.19
Cash flow before exceptional items	(61.13)	(86.84)
Exceptional Items	0.00	0.00
Net Cash used in investment activities	<u>(61.13)</u>	<u>(86.84)</u>
<b>C. Cash Flow from Financing Activities</b>		
Issue of Share Capital	0.00	0.00
Dividends paid during the year	(14.08)	(14.08)
Receipt /(Payment) of Secured Loans	16.26	(6.06)
(Receipt) /Payment of Un-Secured Loans	0.00	0.00
Interest paid	(3.18)	(2.08)
Dividend tax paid during the year	(2.39)	(2.39)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(7.34)	(0.51)
Net cash used in financing activities	<u>(10.72)</u>	<u>(25.13)</u>
<b>Net (Decrease) / Increase in cash and cash equivalents</b>	<b>14.40</b>	<b>(38.28)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>62.52</b>	<b>100.81</b>
<b>Cash and Cash equivalents at the end of the year</b>	<b>76.92</b>	<b>62.52</b>

As per my report of even date

for and on behalf of the Board of Directors

Sd/-

Sd/-

Sd/-

Grandhi Vittal

V. A. Rama Raju

V. Rajam Raju

Chartered Accountant

Chairman &amp; Managing Director

Executive Director

Membership No. 206462

Sd/-

Place : Hyderabad

Pushpa Katkuri

Date : 25.08.2010

Company Secretary



## Schedules forming part of Annual Accounts

Sch. Particulars No.	As at 31.03.2010 Amount in Rs.	As at 31.03.2009 Amount in Rs.
<b>1 Share Capital</b>		
Authorised :		
80,00,000 Equity shares of Rs.10/- each	80,000,000	80,000,000
Issued, Subscribed and Paid-up :		
70,38,000 Equity shares of Rs.10/- each fully paid-up.	70,380,000	70,380,000
	<b>70,380,000</b>	<b>70,380,000</b>
<b>2. Profit and Loss A/c</b>		
As per last Balance Sheet	9,787,928	8,720,773
Add : Addition during the year	1,698,452	1,067,155
	<b>11,486,380</b>	<b>9,787,928</b>
<b>3. Secured Loans</b>		
From Banks - for Working Capital	2,207,792	-
From Banks - for Vehicle Loan	1,075,603	1,656,943
	<b>3,283,395</b>	<b>1,656,943</b>
<b>5. Investments</b>		
5,38,000 Equity Shares in Winfarm Agro Industries Limited (at cost)	5,380,000	5,380,000
Vama Asia Pte. Ltd. Singapore	274,528	274,528
	<b>5,654,528</b>	<b>5,654,528</b>
<b>6. Inventories</b> ( As taken, valued and certified by Management )		
Stores and Spares	7,032,041	427,750
	<b>7,032,041</b>	<b>427,750</b>
<b>7. Sundry Debtors ( unsecured, considered good )</b>		
Outstanding for more than 6 Months	4,919,346	3,982,532
Outstanding for less than 6 Months	22,624,902	15,424,977
	<b>27,544,248</b>	<b>19,407,509</b>
<b>8. Loans and Advances (unsecured, considered good unless otherwise stated)</b>		
Loans		
- To Employees	1,725,846	128,208
Advances		
- To Suppliers	716,389	-
- To Others	4,218,529	1,739,500
	<b>6,660,764</b>	<b>1,867,708</b>

**Sch. No. 4. Fixed Assets and Depreciation as on 31.03.2010**

Particulars	Rate of Dep.	Gross Block			Depreciation			Net Block	
		As on 01.04.2009	Addition during the year	As on 31.03.2010	As on 01.04.2009	For the year	As on 31.03.2010	As on 31.03.2010	As on 31.03.2009
Computers and Peripherals	16.21%	11,997,960	388,149	12,386,109	6,007,112	1,969,687	7,976,799	4,409,310	5,990,848
Softwares	16.21%	48,465,119	200,000	48,665,119	8,385,276	7,871,828	16,257,104	32,408,015	40,079,843
Furniture and Fixtures	6.33%	2,650,896	-	2,650,896	1,006,493	167,802	1,174,295	1,476,601	1,644,403
Air Conditioners	6.33%	469,650	-	469,650	91,393	29,729	121,122	348,528	378,257
Electrical Fittings	6.33%	358,471	-	358,471	82,472	22,691	105,163	253,308	275,999
Office Equipment	4.75%	1,045,499	71,539	1,117,038	397,380	52,261	449,641	667,397	648,119
Motor Cars	9.50%	4,545,106	-	4,545,106	1,557,265	431,785	1,989,050	2,556,056	2,987,841
<b>Total</b>		<b>69,532,701</b>	<b>659,688</b>	<b>70,192,389</b>	<b>17,527,391</b>	<b>10,545,783</b>	<b>28,073,174</b>	<b>42,119,215</b>	<b>52,005,310</b>
<b>Previous Year</b>		<b>(52,385,958)</b>	<b>(17,146,743)</b>	<b>(69,532,701)</b>	<b>(9,503,026)</b>	<b>(8,024,365)</b>	<b>(17,527,391)</b>	<b>(52,005,310)</b>	<b>(42,882,932)</b>



## Schedules forming part of Annual Accounts

Sch. No.	Particulars	As at 31.03.2010 Amount in Rs.	As at 31.03.2009 Amount in Rs.
<b>9. Deposits</b>			
	Telephone Deposits	28,026	22,651
	Tender Deposits	153,615	261,455
	Other Deposits	1,259,376	1,147,436
		<u>1,441,017</u>	<u>1,431,542</u>
<b>10. Pre-paid Expenses</b>			
	Insurance	127,694	140,673
	Other Expenses	1,050,194	57,387
		<u>1,177,888</u>	<u>198,060</u>
<b>11 Cash and Bank balances</b>			
	Cash on Hand	86,132	48,185
	Balances with Scheduled Banks		
	- in Current Accounts	477,777	3,972,378
	- in Fixed Deposits	7,128,457	2,231,845
	(Rs 28,96,450/- under lien to Bank against BGs - F.Y. 2009-10)		
	(Rs 16,67,688/- under lien to Bank against BGs - F.Y. 2008-09)	7,692,366	6,252,409
		<u>7,692,366</u>	<u>6,252,409</u>
<b>12 Liabilities</b>			
	Sundry Creditors		
	- Dues to SSIs	-	-
	- Dues to Suppliers other than SSIs	9,871,342	1,170,733
	- Advance against sales	-	1,563,349
	- Statutory Liabilities	798,069	776,317
	- Other liabilities	2,960,519	2,642,828
		<u>13,629,929</u>	<u>6,153,227</u>
<b>13 Provisions</b>			
	- for Income Tax	917,996	1,541,190
	- for FBT	-	199,450
	- for Dividends	1,407,600	1,407,600
	- for Dividend Tax	239,222	239,222
		<u>2,564,818</u>	<u>3,387,462</u>
<b>14 Miscellaneous Expenditure</b>			
	(To the extent not written-off or adjusted)		
	Opening Balance	590,032	885,049
	Additions during the year	-	-
	Less : written-off during the year	295,017	295,017
		<u>295,015</u>	<u>590,032</u>
	Good Will	2,520,000	5,040,000
	Less : written-off during the year	2,520,000	2,520,000
		<u>295,015</u>	<u>3,110,032</u>

**Schedules forming part of Annual Accounts**

Sch. Particulars No.	As at 31.03.2010 Amount in Rs.	As at 31.03.2009 Amount in Rs.
<b>15 Revenue</b>		
Domestic		
- Services/Consultancy / Projects	26,283,331	19,918,860
- Hardware Trading Sales	24,104,058	30,984,233
	<b>50,387,389</b>	<b>50,903,093</b>
Export		
- IT Services	39,929,771	29,783,114
	<b>39,929,771</b>	<b>29,783,114</b>
<b>16 Accredition / Decredition to Inventories</b>		
Inventories as on 31.03.2010	7,032,041	427,750
Inventories as on 31.03.2009	427,750	293,000
	<b>6,604,291</b>	<b>134,750</b>
<b>17 Cost of Products and Services</b>		
Purchase of Material	24,915,947	26,973,731
Labour Charges	331,559	-
	<b>25,247,506</b>	<b>26,973,731</b>
<b>18 Administrative and Selling Expenses</b>		
Advertisement	78,218	49,680
Audit Fee		
- Statutory Audit	40,000	40,000
- Tax Audit	10,000	10,000
Business Promotion Expenses	580,171	781,017
Computer Maintenance	-	35,110
Commission	204,008	-
Conveyance	1,083,157	613,405
Directors Remuneration	3,000,000	4,400,000
Electricity Charges	436,408	591,290
Fees and Taxes	218,114	96,425
Freight	-	22,246
Office & General Expenses	643,886	702,706
Insurance	307,354	317,612
Internet Expenses	566,560	495,056
ISO Charges	12,000	9,000
Legal and Professional Expenses	12,152,363	5,696,740
Listing Fees	45,000	37,522
Office Rent	1,585,500	1,953,520
Postage and Telegram	82,545	53,149
Printing and Stationery	244,809	202,907
Professional Tax	2,500	2,500
Repairs and Maintenance	460,484	124,018

## Schedules forming part of Annual Accounts

Sch. Particulars No.	As at 31.03.2010 Amount in Rs.	As at 31.03.2009 Amount in Rs.
Sales Tax paid	1,097,610	-
Staff Salaries, PF, ESI & Other Benefits to Employees	26,262,249	21,876,473
Staff Welfare Expenses	71,320	48,068
STPI Service Charges	150,000	50,000
Telephone Charges	260,515	304,364
Tender Charges	32,735	41,706
Travelling Expenses	3,317,289	1,112,301
Vehicle Maintenance	137,549	200,258
	<b>53,082,344</b>	<b>39,867,073</b>
<b>19 Financial Charges</b>		
Bank charges	518,188	172,531
Forex Fluctuations	733,889	51,315
Interest on Secured Loans	307,370	203,438
Interest on others	10,378	4,784
	<b>1,569,825</b>	<b>432,068</b>

The Schedules referred to above and the notes forming part of the accounts form an integral part of Balance Sheet and Profit and Loss Account

As per my report of even date

for and on behalf of the Board of Directors

Sd/-  
**Grandhi Vittal**  
Chartered Accountant  
Membership No. 206462

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

Sd/-  
**V. Rajam Raju**  
Executive Director

Sd/-  
**Pushpa Katkuri**

Place : Hyderabad  
Date : 25.08.2010

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**Schedule 20 : SIGNIFICANT ACCOUNTING POLICIES.****1. Basis of preparation of Financial Statements**

The accompanying financial statements are prepared and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under historical cost convention on the accrual basis. GAAP comprises mandatory Accounting Standards issued by the Institute of Chartered Accountants of India, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to existing accounting standard requires the change in the accounting policy hitherto in use.

Management evaluates all relevant issues or revised accounting standards on an ongoing basis.

**2. Revenue Recognition**

- ◇ Revenue from sale of computer hardware is recognized on dispatch of the products from the company for delivery to the customers. Revenue from product sale are shown net of Sales Tax separately charged and discounts as applicable.
- ◇ Revenue from IT Services consists of earnings from services performed on a 'time and material' basis and fixed price contracts. The related revenue is recognized as and when the services are performed and delivered.
- ◇ Revenue from Annual Maintenance Contracts (AMCs) is recognized on accrual basis as per the Contracts / Agreements entered with the Clients.
- ◇ Other income is recognized on accrual basis.

**3. Translation of Foreign Currency Transactions**

Transactions in foreign currency are recorded at exchange rate prevailing on the date of transaction. Gain/Loss of foreign exchange on settlement of transaction arising on receipt of the amounts receivable, are recognized as income or expense for the period. In all other cases gain or loss is accounted for on the realizable value as on last day of the financial year.

**4. Expenditure**

All expenditure and costs are recognized on accrual basis and due provision is made for all the known losses and liabilities.

**5. Fixed Assets, Work in progress and Depreciation**

- ◇ Fixed Assets are stated at cost of acquisition and any cost attributable for bringing the asset to the condition for its intended use less Depreciation for the financial year.
- ◇ Interest arising on acquisition of fixed assets on hire purchase is charged to profit and loss account.
- ◇ As on the date of the Balance Sheet, the cost of fixed Assets purchased and not ready for use are shown under Capital Work-In Progress.
- ◇ Depreciation

Fixed assets are stated at cost less depreciation. Cost of acquisition is inclusive of freight, taxes and installation. Depreciation on assets is provided, pro-rata for the period of use, by the Straight Line Method (SLM) at the rates prescribed in Schedule XIV of the Companies Act, 1956.



**6. Investments**

Investments are intended to be held for long term and are valued at cost of acquisition. Investments are carried at cost and provision is made to recognize any decline, other than temporary, in the value of such investments. Overseas investments are carried at their original rupee cost. The market value of the Investments is not available as it is not a quoted share.

**7. Good Will**

The goodwill represents the difference between the price and book value of assets and liabilities at the time of amalgamation of M/s. Vama Infotech Private Limited with Sanjeevni Industries Limited. Goodwill is treated in accordance with AS-14 issued by the ICAI.

**8. Inventories**

Inventories are valued at lower of cost or net realizable value. Cost of hardware and software purchased for resale are considered using the first-in-first-out method.

**9. Employee Benefits**

Contributions to Provident Fund, Employees State Insurance are charged as incurred on accrual basis. The liability for retirement benefits of employees, if arise, will be accounted for on cash basis.

**10. Contingent Liability**

1. Company received demand notices from Commercial Tax Department (Sales Tax) for the Financial Year 2006-07 for Rs. 5,82,778/- and Financial Year 2007-08 for Rs. 5,31,097/- respectively, in this regard we have filed an appeal at the Appellate Deputy Commissioner (CT) Punjagutta, Nampally, Hyderabad, by paying 12.5% of notice amount as deposit with the authorities
2. The liability towards bank guarantees issued to various parties by the company in the course of business is fully covered against the fixed deposits with the banks which are held by the bankers as security.

**11. Income Tax**

Income taxes are accounted for in accordance with AS-22, namely "Accounting for taxes on Income" issued by ICAI. Taxes comprise both current and deferred tax.

Current tax is measured at the amount expected to be paid / recovered from the revenue authorities, using the applicable tax rates and laws.

The tax effect of the timing differences that result between taxable income and accounting income and are capable of reversal in one or more subsequent periods are recorded as a deferred tax asset or deferred tax liability. Deferred tax assets and liabilities are recognized for future tax consequences attributable to timing differences. They are measured using the substantively enacted tax rates and tax regulations. The carrying amount of deferred tax assets at each balance sheet date is reduced to the extent that it is no longer reasonably certain that sufficient future taxable income will be available against which the deferred tax asset can be realized.

Tax on distributed profits payable in accordance with the provisions of section 115O of the Income Tax Act, 1961 is in accordance with the Guidance Note on "Accounting for Corporate Dividend Tax" regarded as a tax on distribution of profits and is not considered in determination of profits for the year.

**12. Cash Flow Statement**

Cash flows are reported using Indirect Method in accordance with AS-3, namely "Cash Flow Statement" issued by ICAI and as per the Clause 32 of the Listing Agreement where by net profit before tax is adjusted for the effects of the transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular business operations, investment activities and financing activities are classified under the cash flow.

**NOTES FORMING PART OF ACCOUNTS**

1. Sundry debtors, Loans & Advances and Creditors balances are subject to confirmation.
2. All amounts in the Financial Statements are presented in Rupees except in cash flow statement where amounts are presented in lakhs.
3. The previous years figures have been regrouped or reclassified where ever necessary to conform to the current year's presentation.
4. There are no capital commitments identified by the management for the Current Financial Year. There are no contingent liabilities identified by the management.
5. There are no contracts remaining to be executed on capital account and not provided for, during the current financial year.
6. Loan Funds:-

Secured Loans from ICICI Bank is towards purchase of Motor Cars against Hypothecation of the same against the loans of Rs.10.76 lakhs (Rs.16.57 lakhs – March 31, 2009) and The company has availed a Working Capital facility in the form of Cash Credit of Rs. 22.07 lakhs (FY 2008-09 – Rs.Nil) from State Bank of India, Hyderabad. This facility is secured by Book Debts of the Company and personal properties of Director of the Company. There are no other secured loans sanctioned in favor of or accepted by the Company.

**7. Activity in foreign currency:-**

(Amount in Rs.)

Particulars	Year ended 31.03.2010	Year ended 31.03.2009
<b>Earnings in Foreign currency</b>		
– from Engg. Services	3,33,74,842	2,57,66,511
– from Software Development	65,54,929	40,16,603
– others	Nil	Nil
<b>Total</b>	<b>3,99,29,771</b>	<b>2,97,83,114</b>
<b>Expenditure in Foreign Currency</b>		
– for Foreign Travel	11,95,553	7,33,420
– for purchase of Capital Goods	Nil	Nil
<b>Total</b>	<b>11,95,553</b>	<b>7,33,420</b>
<b>Foreign currency used for investment</b>		
- in Subsidiary	Nil	Nil
- as advances to Subsidiary	Nil	Nil
<b>Total</b>	<b>Nil</b>	<b>Nil</b>

**8. Lease Rentals**

The lease rentals charged during the year and maximum obligation on long-term non-cancelable operating lease payable as per the rentals stated in the respective agreements as per AS-19. (Amount in Rs.)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Lease rentals recognized during the year	15,85,500	19,51,920
Within one year of the balance sheet date	27,39,000	16,47,400
Due in a period between one year and five years	8,12,903	17,56,140
Due after five years	Nil	Nil

The operating lease agreements extend to a maximum period of three years from their dates of inception and relate to the office premises. These lease agreements have a price escalation clause.

**9. Related party transactions**

There are no related party transactions during the current financial year except the following:

Name	Relation /Designation	Nature of Payment	Amount in Rs.
a) <b>Wholly owned Subsidiary</b> Vama Asia Pte. Ltd.	Wholly Owned Subsidiary	Outstanding Balance paid	1,70,988
b) <b>Directors</b> V. A. Rama Raju	Chairman & Managing Director	Directors Remuneration	15,00,000
V. Rajam Raju	Executive Director	Directors Remuneration	15,00,000
c) <b>Key Management Personnel</b> V Parvathi	W/o.V. A. Rama Raju, CMD	Rent for Office Premises Salary	1,92,000 1,80,000
D. Tanuja	D/o. V. A. Rama Raju, CMD	Salary	66,500

Note : The above remuneration was paid as per the terms of engagement of their services.

**10. Managerial Remuneration**

Remuneration to the Key Management Personnel is detailed as under:

Name	Designation	Remuneration	
		2009 - 10	2008 - 09
V.A. Rama Raju	Chairman & Managing Director	15,00,000	12,00,000
V. Rajam Raju	Executive Director	15,00,000	12,00,000

The compensation committee is responsible for devising the remuneration and benefits for the Executive Directors and the committee also frames their remuneration and other benefits.

**11. Traveling Expenses (Directors)**

Domestic Traveling Expenses	Rs. 1.85 lakhs	(Rs. 1.26 lakhs)
Expenditure on Foreign Travel	Rs. 4.04 lakhs	(Rs. 2.54 lakhs)

**12. Audit Fee**

as Statutory Auditors	--	Rs.40,000/- (Rs.40,000/-)
as Tax Auditors	--	Rs.10,000/- (Rs.10,000/-)
for Expenses	--	NIL (Nil)
Certification Fees	--	NIL (Nil)
as Advisor	--	NIL (Nil)

**13. Segment Reporting**

The segment report prepared in accordance with the Accounting Standard 17 'Segment Reporting' issued by the ICAI.

(Rs. in lakhs)

Particulars	Year ended 31.03.2010	Year ended 31.03.2009
<b>Revenue</b>		
Software Development & Services		
- Exports	399.30	297.83
- Domestic	162.56	133.05
<b>Total</b>	<b>561.86</b>	<b>430.88</b>
Hardware Sales & Services		
- Gross Receipts	341.31	375.98
<b>Total Revenue</b>	<b>903.17</b>	<b>806.86</b>
<b>Segment Results (Profit before Tax and Interest from the Segment)</b>		
Software Development & Services	47.97	26.40
Hardware Sales & Services	(5.75)	19.92
Total	42.22	46.32
Less: Interest	3.07	2.03
<b>Profit Before Tax</b>	<b>39.15</b>	<b>44.29</b>
<b>Segment Capital Employed</b>		
Software Development & Services	665.18	678.29
Hardware Sales & Services	195.03	152.16
<b>Total</b>	<b>860.21</b>	<b>830.45</b>

**14. Earning per Share**

Particulars	Year ended 31.03.2010	Year ended 31.03.2009
Number of Shares	70,38,000	70,38,000
Net Profit after Tax	33,45,274	27,13,977
Earnings Per Share (EPS)	0.48	0.39

**15. Investments**

In line with the Accounting Policy, the investment in equity in Vama Asia Pte Ltd is carried at their original cost. The difference in value of investments considering the value of exchange as on the date of Balance Sheet amounts to Rs.46,298/-

**16. Project Development Expenditure**

(in respect of projects upto March 31, 2010)

(Amount in Lakhs)

	2009-10	2008-09
Opening Balance	Nil	Nil
Add: Project Development Expenditure transferred from profit and loss account	Nil	154.81
Less: Project Development Expenses Capitalised during the year	Nil	154.81
<b>Closing Balance</b>	<b>Nil</b>	<b>Nil</b>



## ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PART IV OF THE SCHEDULE VI TO THE COMPANIES ACT, 1956

## BALANCE SHEET ABSTRACT AND THE COMPANY'S GENERAL PROFILE

<b>I Registration Details</b>			
Registration No.	41126	State Code	01
Balance Sheet Date	March 31, 2010		
<b>II Capital raised during the year</b>	(Rs. In Lakhs)		
Public Issue	Nil		
Rights Issue	Nil		
Bonus Issue	Nil		
Issue of Share pursuant to the scheme of amalgamation	Nil		
Employees Stock Options	Nil		
<b>III Position of mobilisation of and deployment of funds</b>	(Rs. In Lakhs)		
<b>Total Liabilities</b>	860.22	<b>Total Assets</b>	860.22
<b>Sources of Funds</b>		<b>Application of Funds</b>	
Paid-up Capital	703.80	Goodwill	0.00
Reserves & Surplus	114.86	Net Fixed Assets	421.19
Secured Loans	32.83	Investments	56.55
Unsecured Loans	0.00	Capital work in progress	0.00
Deffered Tax Liability	8.72	Net Current Assets	379.53
		Misc. Expenditure	2.95
<b>IV Performance of the Company</b>	(Rs. In Lakhs)		
Turnover	972.51		
Total Expenditure	933.36		
Profit before Tax	39.15		
Profit after Tax	33.45		
Earning Per Share	0.48		
<b>V Generic name of the Company</b>	(as per monetary terms)		
i) Item code no (ITC Code)	8529009		
Product description	Computer Software & IT Enabled Services		
ii) Item code no (ITC Code)			
Product description			

for and on behalf of the Board of Directors

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

Sd/-  
**V. Rajam Raju**  
Executive Director

Sd/-  
**Pushpa Katkuri**  
Company Secretary

Place : Hyderabad  
Date : 25.08.2010

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANY**

Name of the subsidiary	:	Vama Asia Pte. Ltd., 10 Anson Road, # 03-09 International Palza Singapore – 079 903
Financial year of the subsidiary ended on	:	March 31, 2010
Shares of the subsidiary held by the Company on the above date		
(a) Number and face value	:	10,000 S\$ Equity Shares of S\$1/Each fully paid-up
(b) Extent of holding	:	100%
Net aggregate amount of profit or losses of the subsidiary for the above financial year of the subsidiary not dealt with in the Company's account so far as it concerns the members of the Holding Company		
(a) For the financial year of the subsidiary	:	S\$ (3,585)
(b) For the previous financial year	:	S\$ (3,418)
Net aggregate amount of profit or losses of the subsidiary for the above financial year of the subsidiary dealt with in the Company's account		
(a) For the financial year of the subsidiary	:	Nil
(b) For the previous financial year	:	Nil

for and on behalf of the Board of Directors

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

Sd/-  
**V. Rajam Raju**  
Executive Director

Sd/-  
**Pushpa Katkuri**  
Company Secretary

Place: Hyderabad  
Date : 25.08.2010

**Auditors' Report on Consolidated Financial Statements**

To  
The Members  
**Vama Industries Limited**

1. We have audited the attached consolidated balance sheet of Vama Industries Limited ("the Company") as at March 31, 2010, the consolidated profit and loss account for the year ended on that date annexed thereto, and the consolidated cash flow statement for the year ended on that date, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of Vama Asia Pte Ltd., Singapore entity, whose financial statements reflect total assets of Rs. 3.33 lakhs (Rs.4.65 lakhs – March 31, 2009) as at March 31, 2010 and net loss of Rs.1.32 lakhs (Loss of Rs.0.39 lakhs – March 31, 2009) for the year ended on that date. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of these consolidated entities, is based solely on the report of the other auditors.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Vama Industries Limited and its consolidated entity included in the consolidated financial statements.
5. On the basis of the information and explanations given to us and on consideration of the separate audit reports on individual audited financial statements of the Company and its consolidated entities, in our opinion, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a) in the case of the consolidated balance sheet, of the consolidated state of affairs of the Company and its consolidated entities as at March 31, 2010;
  - b) in the case of the consolidated profit and loss account, of the consolidated results of operations of the Company and its consolidated entities for the year ended on that date; and
  - c) in the case of the consolidated cash flow statement, of the consolidated cash flows of the Company and its consolidated entities for the year ended on that date.

Place : Hyderabad  
Date : 25.08.2010

Sd/-  
**Grandhi Vittal**  
Chartered Accountant  
Membership No.206462



**Consolidated Balance Sheet as at March 31, 2010**

Particulars	Sch. No.	As at 31.03.2010 Amount in Rs.	As at 31.03.2009 Amount in Rs
<b>A Sources of Funds</b>			
<b>I Shareholders' Funds</b>			
Share Capital	1	70,380,000	70,380,000
<b>II Reserves &amp; Surplus</b>			
Profit and Loss A/c	2	11,544,871	9,978,522
Differed Tax			
- Up to Previous year		1,220,122	1,245,830
- Current Year		(348,197)	(25,708)
<b>III Loan Funds</b>			
a. Secured Loans	3		
- From Banks		3,283,395	1,656,943
- From Others		-	-
		<b>86,080,191</b>	<b>83,235,588</b>
<b>B Application of Funds</b>			
<b>I Fixed Assets</b>			
Gross Block	4	70,212,130	69,552,442
Less : Depreciation		<u>28,092,913</u>	<u>17,547,130</u>
Net Block		42,119,217	52,005,312
<b>II Investments</b>	5	5,380,000	5,380,000
<b>III Current Assets, Loans &amp; Advances:</b>			
a. Inventories	6	7,032,041	427,750
b. Sundry Debtors	7	27,544,248	19,407,509
c. Loans and Advances	8	6,660,764	1,867,708
d. Deposits	9	1,441,017	1,431,542
e. Pre-paid Expenses	10	1,177,888	198,060
f. Cash and Bank balances	11	7,937,573	6,458,175
g. Advance Tax		2,599,365	2,230,835
		<u>54,392,896</u>	<u>32,021,579</u>
Less : Current Liabilities & Provisions			
a. Liabilities	12	13,542,119	5,893,872
b. Provisions	13	2,564,818	3,387,462
		<u>16,106,937</u>	<u>9,281,334</u>
Net Current Assets		38,285,959	22,740,245
<b>IV Miscellaneous Expenditure</b>	14	<u>295,015</u>	<u>3,110,032</u>
( to the extent not written off or adjusted )		<b>86,080,191</b>	<b>83,235,588</b>

The Schedules referred to above and the notes forming part of the accounts form an integral part of the Balance Sheet.

As per my report of even date

for and on behalf of the Board of Directors

Sd/-

**Grandhi Vittal**  
Chartered Accountant  
Membership No. 206462

Sd/-

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

Sd/-

**V. Rajam Raju**  
Executive Director

Sd/-

**Pushpa Katkuri**  
Company Secretary

Place : Hyderabad  
Date : 25.08.2010



## Consolidated Profit &amp; Loss Account for the year ended March 31, 2010

Particulars	Sch. No.	As at 31.03.2010 Amount in Rs.	As at 31.03.2009 Amount in Rs.
<b>I Income</b>			
Revenue	15		
- Domestic		50,387,389	50,903,093
- Export [ 100% EOU ]		39,929,771	29,783,114
Other Income		329,272	1,892,867
Accreditation / Decreditation to Inventories	16	6,604,291	134,750
		<b>97,250,723</b>	<b>82,713,824</b>
<b>II EXPENDITURE</b>			
Cost of Products and Services	17	25,247,506	26,973,731
Administrative and Selling Expenses	18	53,188,890	39,968,391
Financial Charges	19	1,595,382	444,591
Pre-operative Expenses written-off	14	2,815,017	2,815,017
Depreciation	4	10,545,783	8,024,365
Prior period adjustment		75,175	98,318
		<b>93,467,753</b>	<b>78,324,413</b>
<b>III Profit before Tax</b>		<b>3,782,970</b>	<b>4,389,411</b>
<b>IV Provision for Taxation</b>			
- Current		917,996	1,541,190
- Deffered		(348,197)	(25,708)
- FBT		-	199,450
<b>V Profit after Tax</b>		<b>3,213,171</b>	<b>2,674,479</b>
Proposed Dividend		1,407,600	1,407,600
Provision for Dividend Tax		239,222	239,222
Transfer to General Reserve		-	-
<b>V Balance carried forwarded to Next Year</b>		<b>1,566,349</b>	<b>1,027,657</b>

The Schedules referred to above and the notes forming part of the accounts form an integral part of the Profit and Loss A/c.

As per my report of even date

for and on behalf of the Board of Directors

Sd/-

**Grandhi Vittal**

Chartered Accountant

Membership No. 206462

Sd/-

**V. A. Rama Raju**

Chairman & Managing Director

Sd/-

**V. Rajam Raju**

Executive Director

Sd/-

**Pushpa Katkuri**

Company Secretary

Place : Hyderabad

Date : 25.08.2010

**Consolidated Cash Flow Statement for the year ended March 31, 2010****(Rs. in Lakhs)**

<b>Particulars</b>	<b>Year ended 31.03.10</b>	<b>Year ended 31.03.09</b>
<b>A. Cash flow from Operating activities</b>		
Net Profit before tax and exceptional item	37.83	43.89
<b>Adjustments</b>		
Profit / Loss on sale of fixed assets	-	-
Depreciation and amortisation	105.46	80.24
Interest and dividend income	(3.29)	(18.19)
Misc. Expenses written off	28.15	28.15
Effect of exchange differences on translation of foreign currency cash and cash equivalents	7.34	0.51
Interest paid	3.18	2.08
<b>Changes in current assets and liabilities</b>		
Trade and Other Receivables	(147.41)	(40.69)
Current Liabilities	74.77	1.08
Income Taxes paid during the year	(21.09)	(23.80)
Net cash generated by Operating activities	<u>84.93</u>	<u>73.29</u>
<b>B. Cash flow from Investing Activities</b>		
Purchase of Fixed Assets	(6.60)	(171.47)
Capital Work-in-progress	-	-
Proceeds on disposal of Fixed Assets	-	-
Investments	-	-
Acquisition of Companies	-	-
Advances	(46.22)	62.59
Deposits	(0.09)	3.63
Prepaid Expenses	(9.80)	(0.20)
Right Issue expenses	-	-
Interest and Dividend Income	3.29	18.19
Cash flow before exceptional items	(59.42)	(87.26)
Exceptional Items	-	-
Net Cash used in investment activities	<u>(59.42)</u>	<u>(87.26)</u>
<b>C. Cash Flow from Financing Activities</b>		
Issue of Share Capital	-	-
Dividends paid during the year	(14.08)	(14.08)
Receipt /(Payment) of Secured Loans	16.26	(6.06)
Receipt /(Payment) of Un-Secured Loans	-	-
Interest paid	(3.18)	(2.08)
Dividend tax paid during the year	(2.39)	(2.39)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(7.34)	(0.51)
Net cash used in financing activities	<u>(10.71)</u>	<u>(25.13)</u>
<b>Net (Decrease) / Increase in cash and cash equivalents</b>	<b>14.80</b>	<b>(39.10)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>64.58</b>	<b>103.68</b>
<b>Cash and Cash equivalents at the end of the year</b>	<b>79.38</b>	<b>64.58</b>

As per my report of even date

for and on behalf of the Board of Directors

Sd/-

**Grandhi Vittal**

Chartered Accountant

Membership No. 206462

Place : Hyderabad

Date : 25.08.2010

Sd/-

**V. A. Rama Raju**

Chairman &amp; Managing Director

Sd/-

**V. Rajam Raju**

Executive Director

Sd/-

**Pushpa Katkuri**  
Company Secretary



Schedules forming part of Consolidated Balance Sheet and Profit & Loss A/c as on March 31, 2010

Sch. No.	Particulars	As at 31.03.2010 Amount in Rs.	As at 31.03.2009 Amount in Rs.
<b>1</b>	<b>Share Capital</b>		
	Authorised :		
	80,00,000 Equity shares of Rs.10/- each	80,000,000	80,000,000
	Issued, Subscribed and Paid-up :		
	70,38,000 Equity shares of Rs.10/- each fully paid-up.	70,380,000	70,380,000
		<b>70,380,000</b>	<b>70,380,000</b>
<b>2</b>	<b>Profit and Loss A/c</b>		
	As per last Balance Sheet	9,978,522	8,950,865
	Add : Addition during the year	1,566,349	1,027,657
		<b>11,544,871</b>	<b>9,978,522</b>
<b>3</b>	<b>Secured Loans</b>		
	From Banks - For Working Capital	2,207,792	-
	From Banks - For Vehicle Loan	1,075,603	1,656,943
		<b>3,283,395</b>	<b>1,656,943</b>
<b>5</b>	<b>Investments</b>		
	5,38,000 Equity Shares in Winfarm Agro Industries Limited (at cost)	5,380,000	5,380,000
		<b>5,380,000</b>	<b>5,380,000</b>
<b>6</b>	<b>Inventories</b> (As taken, valued and certified by Management ) Stores and Spares	7,032,041	427,750
		<b>7,032,041</b>	<b>427,750</b>
<b>7</b>	<b>Sundry Debtors ( Unsecured, Considered good )</b>		
	Outstanding for more than 6 Months	4,919,346	3,982,532
	Outstanding for less than 6 Months	22,624,902	15,424,977
		<b>27,544,248</b>	<b>19,407,509</b>
<b>8</b>	<b>Loans and Advances</b>		
	Loans		
	- To Employees	1,725,846	128,208
	Advances		
	- To Suppliers	716,389	-
	- To Others	4,218,529	1,739,500
		<b>6,660,764</b>	<b>1,867,708</b>
<b>9</b>	<b>Deposits</b>		
	Telephone Deposits	28,026	22,651
	Tender Deposits	153,615	261,455
	Other Deposits	1,259,376	1,147,436
		<b>1,441,017</b>	<b>1,431,542</b>

**Sch. No. 4 Fixed Assets and Depreciation as on 31.03.2010**

Particulars	Rate of Dep.	Gross Block			Depreciation			Net Block	
		As on 01.04.2009	Addition during the year	As on 31.03.2010	As on 01.04.2009	For the year	As on 31.03.2010	As on 31.03.2010	As on 31.03.2009
Computers and Peripherals	16.21%	11,997,960	388,149	12,386,109	6,007,112	1,969,687	7,976,799	4,409,310	5,990,848
Softwares	16.21%	48,465,119	200,000	48,665,119	8,385,276	7,871,828	16,257,104	32,408,015	40,079,843
Furniture and Fixtures	6.33%	2,670,637	-	2,670,637	1,026,232	167,802	1,194,034	1,476,603	1,644,405
Air Conditioners	6.33%	469,650	-	469,650	91,393	29,729	121,122	348,528	378,257
Electrical Fittings	6.33%	358,471	-	358,471	82,472	22,691	105,163	253,308	275,999
Office Equipment	4.75%	1,045,499	71,539	1,117,038	397,380	52,261	449,641	667,397	648,119
Motor Cars	9.50%	4,545,106	-	4,545,106	1,557,265	431,785	1,989,050	2,556,056	2,987,841
<b>Total</b>		<b>69,552,442</b>	<b>659,688</b>	<b>70,212,130</b>	<b>17,547,130</b>	<b>10,545,783</b>	<b>28,092,913</b>	<b>42,119,217</b>	<b>52,005,312</b>
<b>Previous Year</b>		<b>(52,405,699)</b>	<b>(17,146,743)</b>	<b>(69,552,442)</b>	<b>(9,522,765)</b>	<b>(8,024,365)</b>	<b>(17,547,130)</b>	<b>(52,005,312)</b>	<b>(42,882,934)</b>

**Schedules forming part of Consolidated Balance Sheet and Profit & Loss A/c as on March 31, 2010**

<b>Sch. No.</b>	<b>Particulars</b>	<b>As at 31.03.2010 Amount in Rs.</b>	<b>As at 31.03.2009 Amount in Rs.</b>
<b>10</b>	<b>Pre-paid Expenses</b>		
	Insurance	127,694	140,673
	Other Expenses	<u>1,050,194</u>	<u>57,387</u>
		<b><u>1,177,888</u></b>	<b><u>198,060</u></b>
<b>11</b>	<b>Cash and Bank balances</b>		
	Cash on Hand	86,132	48,185
	Balances with Banks		
	-in Bank Current Accounts	722,984	4,178,144
	- in Fixed Deposits	<u>7,128,457</u>	<u>2,231,845</u>
	(Rs 28,96,450/- under lien to Bank against BGs-F.Y. 2009-10)		
	(Rs 16,67,688/- under lien to Bank against BGs-F.Y. 2008-09)	<b><u>7,937,573</u></b>	<b><u>6,458,175</u></b>
<b>12</b>	<b>Liabilities</b>		
	Sundry Creditors		
	- Dues to SSIs	-	-
	- Dues to Suppliers other than SSIs	9,871,342	1,170,734
	- Advance against Sales	-	1,563,349
	- Statutory Liabilities	798,069	776,317
	- Other liabilities	<u>2,872,709</u>	<u>2,383,472</u>
		<b><u>13,542,119</u></b>	<b><u>5,893,872</u></b>
<b>13</b>	<b>Provisions</b>		
	- for Income Tax	917,996	1,541,190
	- for FBT	-	199,450
	- for Dividends	1,407,600	1,407,600
	- for Dividend Tax	<u>239,222</u>	<u>239,222</u>
		<b><u>2,564,818</u></b>	<b><u>3,387,462</u></b>
<b>14</b>	<b>Miscellaneous Expenditure</b>		
	( To the extent not written-off )		
	As per last Balance Sheet	590,032	885,049
	Additions during the year	-	-
	Less : written-off during the year	<u>295,017</u>	<u>295,017</u>
		<b><u>295,015</u></b>	<b><u>590,032</u></b>
	Good Will	2,520,000	5,040,000
	Less : written-off during the year	<u>2,520,000</u>	<u>2,520,000</u>
		-	<b><u>2,520,000</u></b>
		<b><u>295,015</u></b>	<b><u>3,110,032</u></b>

**Schedules forming part of Consolidated Balance Sheet and Profit & Loss A/c as on March 31, 2010**

<b>Sch. No.</b>	<b>Particulars</b>	<b>As at 31.03.2010 Amount in Rs.</b>	<b>As at 31.03.2009 Amount in Rs.</b>
<b>15</b>	<b>Revenue</b>		
	Domestic		
	- Services/Consultancy / Projects	26,283,331	19,918,860
	- Hardware Trading Sales	24,104,058	30,984,233
		<u>50,387,389</u>	<u>50,903,093</u>
	Export		
	- IT Services	39,929,771	29,783,114
		<u>39,929,771</u>	<u>29,783,114</u>
<b>16</b>	<b>Accreditation / Decreditation to Inventories</b>		
	Inventories as on 31.03.2010	7,032,041	427,750
	Inventories as on 31.03.2009	427,750	293,000
		<u>6,604,291</u>	<u>134,750</u>
<b>17</b>	<b>Cost of Products and Services</b>		
	Purchase of Material	24,915,947	26,973,731
	Labour Charges	331,559	-
		<u>25,247,506</u>	<u>26,973,731</u>
<b>18</b>	<b>Administrative and Selling Expenses</b>		
	Advertisement	78,218	49,680
	Audit Fee		
	- Statutory Audit	92,936	91,625
	- Tax Audit	10,000	10,000
	Business Promotion Expenses	580,171	781,017
	Computer Maintenance	-	35,110
	Commission	204,008	-
	Conveyance	1,083,157	613,405
	Directors Remuneration	3,000,000	4,400,000
	Electricity Charges	436,408	591,290
	Fees and Taxes	218,114	96,425
	Freight	-	22,246
	Office & General Expenses	643,886	702,706
	Insurance	307,354	317,612
	Internet Expenses	566,560	495,056
	ISO Implementaion Charges	12,000	9,000
	Legal and Professional Expenses	12,205,973	5,746,433
	Listing Fees	45,000	37,522
	Office Rent	1,585,500	1,953,520
	Postage and Telegram	82,545	53,149
	Printing and Stationery	244,809	202,907
	Professional Tax	2,500	2,500
	Repairs and Maintenance	460,484	124,018
	Sales Tax	1,097,610	-

**Schedules forming part of Consolidated Balance Sheet and Profit & Loss A/c as on March 31, 2010**

<b>Sch. No.</b>	<b>Particulars</b>	<b>As at 31.03.2010 Amount in Rs.</b>	<b>As at 31.03.2009 Amount in Rs.</b>
	Staff Salaries	26,262,249	21,876,473
	Staff Welfare Expenses	71,320	48,068
	STPI Service Charges	150,000	50,000
	Telephone Charges	260,515	304,364
	Tender Charges	32,735	41,706
	Travelling Expenses	3,317,289	1,112,301
	Vehicle Maintenance	137,549	200,258
		<b>53,188,890</b>	<b>39,968,391</b>
<b>19</b>	<b>Financial Charges</b>		
	Bank Charges	520,273	187,852
	Forex Fluctuations	757,361	48,517
	Interest on Secured Loans	307,370	203,438
	Interest on others	10,378	4,784
		<b>1,595,382</b>	<b>444,591</b>

The Schedules referred to above and the notes forming part of the accounts form an integral part of Balance Sheet and Profit and Loss Account

**As per my report of even date**

**for and on behalf of the Board of Directors**

Sd/-

**Grandhi Vittal**

Chartered Accountant

Membership No. 206462

Sd/-

**V. A. Rama Raju**

Chairman & Managing Director

Sd/-

**V. Rajam Raju**

Executive Director

Sd/-

**Pushpa Katkuri**

Company Secretary

Place : Hyderabad

Date : 25.08.2010



**Schedule 20 SIGNIFICANT ACCOUNTING POLICIES.****1. Basis of preparation of Financial Statements**

The accompanying financial statements are prepared and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under historical cost convention on the accrual basis and Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI), the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to existing accounting standard requires the change in the accounting policy hitherto in use.

Management evaluates all relevant issues or revised accounting standards on an ongoing basis.

**2. Principle of Consolidation**

The consolidated financial statements include the financial statements of Vama Industries Limited and its wholly owned subsidiary, Vama Asia Pte. Ltd., Singapore.

These consolidated financial statements are prepared in accordance with the principles and procedures prescribed by AS-21 namely "Consolidated Financial Statements", issued by the ICAI for the purpose of preparation and presentation of consolidated financial statements.

The financial statements are consolidated on line by line basis by adding together the book values of all the items of assets, liabilities, incomes and expenses after eliminating inter-company balances / transactions and any un-realized profits arising on such transactions. The consolidated statements are prepared using uniform accounting policies for similar transactions and other events were also dealt in same manner.

**3. Revenue Recognition**

- ◇ Revenue from sale of computer hardware is recognized on dispatch of the products from the company for delivery to the customers. Revenue from product sale was shown net of Sales Tax which is separately charged and after discounts as applicable.
- ◇ Revenue from IT Services consists of earnings from services performed on a 'time and material' basis and fixed price contracts. The related revenue is recognized as and when the services are performed and delivered.
- ◇ Revenue from Annual Maintenance Contracts (AMCs) is recognised on accrual basis as per the Contracts / Agreements entered with the Clients.
- ◇ Other income is recognized on accrual basis.

**4. Translation of Foreign Currency Transactions**

Transactions in foreign currency are recorded at the original rate of exchange in force at the time transactions are effected. Gain/Loss of foreign exchange on settlement of transaction arising up on receipt of the amounts receivable, are recognized as income or expense for the period. In all other cases gain or loss is accounted for on the realizable value as on last day of the financial year.

**5. Expenditure**

All expenditure and costs are recognized on accrual basis and due provision is made for all the known losses and liabilities.

**6. Fixed Assets, Work in progress and Depreciation**

- ◇ Fixed Assets are stated at cost of acquisition and any cost attributable for bringing the asset to the condition for its intended use less Depreciation for the financial year.

- ✧ Interest arising on acquisition of fixed assets on hire purchase is charged to profit and loss account.
- ✧ As on the date of the Balance Sheet, the cost of fixed Assets purchased and not ready for use are shown under Capital Work-In Progress..
- ✧ Depreciation

Fixed assets are stated at cost less depreciation. Cost of acquisition is inclusive of freight, taxes and installation. Depreciation is provided at the rates prescribed under Schedule XIV of the Companies Act, 1956. Depreciation is provided pro-rata on the additions to fixed assets during the financial year.

## 7. Investments

Investments are intended to be held for long term and are valued at cost of acquisition. Investments are carried at cost and provision is made to recognize any decline, other than temporary, in the value of such investments. Overseas investments are carried at their original rupee cost. The market value of the Investments is not available as it is not a quoted share.

## 8. Good Will

The goodwill represents the difference between the price and book value of assets and liabilities at the time of amalgamation of M/s. Vama Infotech [P] Ltd with Sanjivini Industries Ltd. Goodwill is treated in accordance with AS-14 issued by the ICAI.

## 9. Inventories

Inventories are valued at lower of cost or net realizable value. Cost of hardware and software purchased for resale are considered using the first-in-first-out method.

## 10. Employee Benefits

Contributions to Provident Fund, Employees State Insurance are charged as incurred on accrual basis. The liability for retirement benefits of employees, if arise, will be accounted for on cash basis.

## 11. Contingent Liability

1. Company received demand notices from Commercial Tax Department (Sales Tax) for the Financial Year 2006-07 for Rs. 5,82,778/- and Financial Year 2007-08 for Rs. 5,31,097/- respectively, in this regard we have filed an appeal at the Appellate Deputy Commissioner (CT) Punjagutta, Nampally, Hyderabad, by paying 12.5% of notice amount as deposit with the authorities
2. The liability towards bank guarantees issued to various parties by the company in the course of business is fully covered against the fixed deposits with the banks which are held by the bankers as security.

## 12. Income Tax

Income taxes are accounted for in accordance with AS-22, namely "Accounting for taxes on Income" issued by ICAI. Taxes comprise both current and deferred tax.

Current tax is measured at the amount expected to be paid / recovered from the revenue authorities, using the applicable tax rates and laws.

The tax effect of the timing differences that result between taxable income and accounting income and are capable of reversal in one or more subsequent periods are recorded as a deferred tax asset or deferred tax liability. Deferred tax assets and liabilities are recognized for future tax consequences attributable to timing differences. They are measured using the substantively enacted tax rates and tax regulations. The carrying amount of deferred tax assets at each balance sheet date is reduced to the extent that it is no longer reasonably certain that sufficient future taxable income will be available against which the deferred tax asset can be realized.

Tax on distributed profits payable in accordance with the provisions of section 115O of the Income Tax Act, 1961 is in accordance with the Guidance Note on "Accounting for Corporate Dividend Tax" regarded as a tax on distribution of profits and is not considered in determination of profits for the year.

### 13. Cash Flow Statement

Cash flows are reported using Indirect Method in accordance with AS-3, namely "Cash Flow Statement" issued by ICAI and as per the Clause 32 of the Listing Agreement where by net profit before tax is adjusted for the effects of the transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular business operations, investment activities and financing activities are classified under the cash flow.

#### Notes forming part of Accounts

1. Sundry debtors, Loans & Advances and Creditors balances are subject to confirmation.
2. All amounts in the financial statements are presented in Rupees except in cash flow statement where amounts are presented in lakhs.
3. The previous years figures have been regrouped or reclassified where ever necessary to conform to the current year's presentation.
4. There are no capital commitments and contingent liabilities identified by the management for the current financial year.
5. There are no contracts remaining to be executed on capital account and not provided for, during the current financial year.
6. Loans and Advances

Secured Loans from ICICI Bank is towards purchase of Motor Cars against Hypothecation of the same against the loans of Rs.10.76 lakhs (Rs.16.57 lakhs – March 31, 2009) and the company has availed a Working Capital facility in the form of Cash Credit of Rs. 22.07 lakhs (FY 2008-09 – Rs.Nil) from State Bank of India, Hyderabad. This facility is secured by Book Debts of the Company and personal properties of Director of the Company. There are no other secured loans sanctioned in favor of or accepted by the Company.

#### 7. Lease Rentals

The lease rentals charged during the year and maximum obligation on long-term non-cancelable operating lease payable as per the rentals stated in the respective agreements as per AS-19.

( Amount in Rs.)

Particulars	Year ended March 31, 2010	Year ended March 31,2009
Lease rentals recognized during the year	15,85,500	19,51,920
Within one year of the balance sheet date	27,39,000	16,47,400
Due in a period between one year and five years	8,12,903	17,56,140
Due after five years	Nil	Nil

The operating lease agreements extend to a maximum period of and three years and one year from their dates of inception and relate to the office premises. These lease agreements have a price escalation clause.

**8. Related party transactions**

There are no related party transactions during the current financial year except the following:

Name	Relation / Designation	Nature of Payment	Amount in Rs.
a) <b>Wholly owned Subsidiary</b> Vama Asia Pte. Ltd.	Wholly Owned Subsidiary	Outstanding Balance Paid	1,70,988
b) <b>Directors</b> V. A. Rama Raju	Chairman & Managing Director	Directors Remuneration	15,00,000
V. Rajam Raju	Executive Director	Directors Remuneration	15,00,000
c) <b>Key Management Personnel</b>			
V Parvathi	W/o.V.A. Rama Raju,	Rent for Office Premises	1,92,000
	CMD	Salary	1,80,000
D. Thanuja	D/o. V.A. Rama Raju , CMD	Salary	66,500

Note : The above remuneration has been paid as per the terms of engagement of their services.

**9. Managerial Remuneration**

Remuneration to the Key Management Personnel is detailed as under:

Name	Designation	Remuneration	
		2009 - 10	2008 - 09
V. A. Rama Raju	Chairman & Managing Director	15,00,000	12,00,000
V. Rajam Raju	Executive Director	15,00,000	12,00,000

The Compensation Committee is responsible for devising the remuneration and benefits for the Executive Directors and the Committee along frames their remuneration and other benefits.

**10. Traveling Expenses**

Directors Traveling Expenses	Rs. 1.85 lakhs (Rs. 1.26 lakhs)
Expenditure on Foreign Travel	Rs. 4.04 lakhs (Rs. 2.54 lakhs)

**11. Audit Fee**

as Statutory Auditors	--	Rs.40,000/-	(Rs. 40,000/-)
as Tax Auditors	--	Rs.10,000/-	(Rs. 10,000/-)
as Branch Auditors	--	Rs.52,936/-	(Rs.51,625/-)
for Expenses	--	NIL	(Nil)
Certification Fees	--	NIL	(Nil)
as Advisor	--	NIL	(Nil)

**12. Segment Reporting**

The segment report prepared in accordance with the Accounting Standard 17 'Segment Reporting' issued by the ICAI. Segment Report as per Accounting Standard 17 for the Year ended March 31, 2010

(Rs. in lakhs)

Particulars	Year ended 31.03.2010	Year ended 31.03.2009
<b>Revenue</b>		
Software Development & Services		
- Exports	399.30	297.83
- Domestic	162.56	133.05
<b>Total</b>	<b>561.86</b>	<b>430.88</b>
Hardware Sales & Services		
- Gross Receipts	341.31	375.98
<b>Total Revenue</b>	<b>903.17</b>	<b>806.86</b>
<b>Segment Results (Profit before Tax and Interest from the Segment)</b>		
Software Development & Services	47.97	26.40
Hardware Sales & Services	(7.07)	19.52
<b>Total</b>	<b>40.90</b>	<b>45.92</b>
Less: Interest	3.07	2.03
Profit Before Tax	37.83	43.89
<b>Segment Capital Employed</b>		
Software Development & Services	668.51	680.19
Hardware Sales & Services	195.03	152.16
<b>Total</b>	<b>863.54</b>	<b>832.35</b>

**13. Earning per Share**

Particulars	Year ended 31.03.2010	Year ended 31.03.2009
Number of Shares	70,38,000	70,38,000
Net Profit after Tax	32,13,171	26,74,479
Earnings Per Share	0.46	0.38

**14. Investments**

In line with the Accounting Policy, the investment in equity in Vama Asia Pte Ltd is carried at their original cost. The difference in value of investments considering the value of exchange as on the date of Balance Sheet amounts to Rs. 46,298/-

**15. Project Development Expenditure**

(in respect of projects upto March 31, 2010)

(Amount in Lakhs)

	2009-10	2008-09
Opening Balance	Nil	Nil
Add: Project Development Expenditure transferred from profit and loss account	Nil	154.81
Less: Project Development Expenses Capitalised during the year	Nil	154.81
<b>Closing Balance</b>	<b>Nil</b>	<b>Nil</b>

# **VAMA ASIA PTE LTD**

Reg No : 200505868W

(Incorporated in the Republic of Singapore)

**ANNUAL REPORT 2009-10**

**DIRECTORS' REPORT**

The Directors present their report and the accounts for the financial year ended March 31, 2010.

**1 Directors**

The directors in the office at the date of this report are:

Vegesna Atchyuta Rama Raju  
Venkataramana Peri

**2. Arrangement to enable directors to acquire shares or debentures**

Neither at the end of nor at any time during the financial year was the company a party to any arrangement whose object is to enable the directors of the company to acquire benefits by means of the acquisitions of shares or debentures of the company or any other body corporate.

**3. Directors' interests in shares or debentures**

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act except as follows:

	Shareholdings registered in the name of Director		Shareholdings in which Directors are deemed to have an interest	
	At 01/04/2009	At 31/03/2010	At 01/04/2009	At 31/03/2010
<b>Ordinary Shares</b>				
<u>The Company</u>				
Vegesna Atchyuta Rama Raju	-	-	10,000	10,000
<u>Vama Industries Limited</u>				
Vegesna Atchyuta Rama Raju	2,028,524	2,028,524	17,400	17,400

By virtue of Section 7 of the Singapore Companies Act, Mr. Vegesna Atchyuta Rama Raju is deemed to have interest in the ordinary shares held by Vama Industries Limited in the Company.

**4. Directors' contractual benefits**

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest. Certain directors received remuneration from related corporations in their capacity as directors of those related corporations.

**5. Share options**

There were no share options granted during the financial year to subscribe for unissued shares of the Company.



No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under the option at the end of the financial year.

**6. Auditors**

The auditors, KG Tan & Co., have expressed their willingness to accept re-appointment.

On behalf of the Board

Sd/-  
**Vegesna Atchyuta Rama Raju**  
Director

Sd/-  
**Venkataramana Peri**  
Director

Date : July 6, 2010

Place : Singapore

**STATEMENT BY DIRECTORS**

In the opinion of the directors, the financial statements of the Company set out on pages 67 to 76 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31st March 2010 and of the results, changes in equity and cash flows of the Company for the financial year then ended and at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board

Sd/-  
**Vegesna Atchyuta Rama Raju**  
Director

Sd/-  
**Venkataramana Peri**  
Director

Date : July 6, 2010

Place : Singapore



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**AUDITORS' REPORT TO THE MEMBERS OF VAMA ASIA PTE LTD.**

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We have audited the financial statements of Vama Asia Pte Ltd (the "Company") for the year ended March 31, 2010 as set out on pages 67 to 76, which comprises of the balance sheet of the Company as at March 31, 2010 and the income statement, changes in equity and cash flow statement for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

**Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

- a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition; and transactions are properly authorized and that they are recorded as necessary to permit the preparation of true and fair income statement and balance sheet and to maintain accountability of assets;
- b) selecting and applying appropriate accounting policies; and
- c) making accounting estimates that are reasonable in the circumstances.

**Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud and error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes examining the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our audit opinion.

**Opinion**

In our opinion,

- a) the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting standards so as to give a true and fair view of the state of affairs of the Company as at March 31, 2010 and of the results, changes in equity and cash flows of the Company for the financial year ended on that date; and
- b) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

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**KG Tan & Co.,**  
Public Accountants and  
Certified Public Accountants

Date : July 6, 2010  
Place : Singapore

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**BALANCE SHEET AS AT MARCH 31, 2010**

	Note	2010 \$	2009 \$
<b>ASSETS</b>			
<u>Current assets</u>			
Cash and cash equivalents	5	7,643	6,178
Amount due from Holding Company	6	4,837	9,787
		12,480	15,965
<b>Total Assets</b>		<b>12,480</b>	<b>15,965</b>
<b>EQUITY</b>			
Share Capital	7	10,000	10,000
Retained earnings		380	3,965
<b>Total Equity</b>		<b>10,380</b>	<b>13,965</b>
<b>LIABILITIES</b>			
<u>Current liability</u>			
Accrued operating expenses		2,100	2,000
<b>Total liability</b>		<b>2,100</b>	<b>2,000</b>
<b>Total equity and liability</b>		<b>12,480</b>	<b>15,965</b>

The accompanying notes form an integral part of the financial statements.

**INCOME STATEMENT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2010**

	Note	2010 \$	2009 \$
General and administrative expenses, representing loss before tax	3	(3,585)	(3,418)
Income tax	4	-	-
<b>Net loss for the year, representing total comprehensive loss for the year</b>		<b>(3,585)</b>	<b>(3,418)</b>

No separate statement of comprehensive income has been presented as the Company does not have other nature of comprehensive income.

**STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED MARCH 31, 2010**

	Share Capital \$	Retained Earnings \$	Total equity \$
Balance as at April 1, 2008	10,000	7,383	17,383
Total comprehensive loss for the year	-	(3,418)	(3,418)
Balance as at March 31, 2009	10,000	3,965	13,965
Balance as at April 1, 2009	10,000	3,965	13,965
Total comprehensive loss for the year	-	(3,585)	(3,585)
<b>Balance as at March 31, 2010</b>	<b>10,000</b>	<b>380</b>	<b>10,380</b>

The accompanying notes form an integral part of the financial statements.

**CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED MARCH 31 2010**

	2010 \$	2009 \$
<b>Cash flows from operating activities</b>		
Loss before tax, representing operating cash flow before working capital changes	(3,585)	(3,418)
Change in operating assets and liabilities:		
- Amount due from holding company	4,950	-
- Accrued operating expenses	100	(300)
<b>Net cash generated from (used in) operating activities</b>	<b>1,465</b>	<b>(3,718)</b>
Net increase (decrease) in cash and cash equivalents	<u>1,465</u>	<u>(3,718)</u>
Cash and cash equivalents at beginning of year	6,178	9,896
Cash and cash equivalents at end of year	<u><b>7,643</b></u>	<u><b>6,178</b></u>

The accompanying notes form an integral part of the financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS**

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

**1. General**

The Company is incorporated and domiciled in Singapore. The address of its registered office and principal place of business is 10 Anson Road # 03-09 International Plaza, Singapore 079903.

The principal activities of the Company are the provision and trading of software and hardware IT services and products. The Company has been dormant since June 30, 2006.

The Company is a subsidiary of Vama Industries Limited, a company incorporated in India which is also the Company's ultimate holding company.

**2. Significant accounting policies****Basis of preparation**

The financial statements have been prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

The Company has adopted all the new/revised FRS and Singapore Interpretations of Financial Reporting Standards ("INT FRS") that are mandatory for the financial period beginning on or after January 1, 2009.

The adoption of the above FRS and INT FRS did not result in material changes to the Company's financial statements.

**Deferred income taxes**

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

**Receivables and payables**

Receivables and payables are initially recognized at fair value. Receivables are subsequently measured at cost less any impairment losses.

An allowance for impairment of receivables including trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

### **Provisions for other liabilities and charges**

Provisions for other liabilities and charges are recognized when the Company has a legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

### **Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits with financial institutions and bank overdrafts.

### **Foreign currency transactions**

Transactions in foreign currencies are measured and recorded in Singapore dollars using the exchange rate in effect at the date of transactions. At each balance sheet date, recorded monetary balances that are denominated in foreign currency are adjusted to reflect the rate at the balance sheet date. All exchange adjustments are taken to income statement.

### **Future changes in FRS**

The Company has not adopted the following FRS and INT FRS that have been issued but not yet effective:

Reference	Description
FRS 102	Share-based Payment (Amendments)
FRS 105	Non-current Assets Held for Sale and Discontinued Operations (Amendments)
FRS 108	Operating Segments (Amendments)
FRS 1	Presentation of Financial Statements (Amendments)
FRS 7	Statement of Cash Flows (Amendments)
FRS 36	Impairment of Assets (Amendments)
FRS 38	Intangible Assets (Amendments)
FRS 39	Financial Instruments : Recognition and Measurement (Amendments)
INT FRS 109	Reassessment of Embedded Derivatives (Amendments)
INT FRS 116	Hedges of a Net Investment in a Foreign Operation (Amendments)
FRS 27	Consolidated and Separate Financial Statements (Revised)
FRS 103	Business Combinations (Revised)
INT FRS 118	Transfer of Assets from Customers
INT FRS 117	Distributions of Non-cash Assets to Owners

The Company has not considered the impact of accounting standards issued after the balance sheet date.

### **Financial assets**

#### **a) Classification**

The Company classifies its financial assets in the following categories: (i) fair value through profit or loss, (ii) loans and receivables, (iii) held-to-maturity, and (iv) available-for-sale. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date. The designation of financial assets at fair value through profit or loss is irrevocable.

i) Financial assets, at fair value through profit or loss

This category has 2 sub-categories: "financial assets held for trading" and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short-term. Financial assets designated as fair value through profit or loss at inception are those that are managed, and their performance are evaluated on a fair value basis, in accordance with a documented Company's investment strategy. Derivatives are also categorised as "held for trading" unless they are designated as hedges. Assets in this category are classified as current assets if they are held for trading or are expected to be realised within 12 months after the balance sheet date.

ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are classified within "trade and other receivables" and cash and cash equivalents" on the balance sheet.

iii) Financial assets, held-to maturity

Financial assets, held-to-maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. If the Company was to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. They are presented as non-current assets, except for those maturing within 12 months after the balance sheet date which are presented as current assets.

iv) Financial assets, available-for-sale

Financial assets, available-for-sale are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the assets within 12 months after balance sheet date.

b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Company commits to purchase or sell the assets. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

On sale of a financial asset, the difference between the net sale proceeds and its carrying amount is taken to the income statement. Any amount in the fair value reserve relating to that asset is also taken to the income statement.

c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit and loss are recognised in the income statement.



d) Subsequent measurement

Financial assets, available-for-sale and at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and financial assets, held-to-maturity are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of "financial assets, at fair value through profit and loss" are presented in the income statement in the financial year in which the changes in fair values arise.

Changes in the fair value of monetary assets denominated in a foreign currency and classified as available-for-sale are analyzed into translation differences resulting from changes in amortised cost of the assets and other changes. The translation differences are recognised in the income statement and other changes are recognised in the fair value reserve within equity. Changes in fair values of other monetary and non-monetary assets that are classified as available-for-sale are recognised in the fair value reserve within equity.

Interest on financial assets, available-for-sale, calculated using the effective interest method, is recognised in the income statement. Dividends on available-for-sale equity securities are recognised in the income statement when the Company's right to receive payment is established. When financial assets classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in the fair value reserve within equity are included in the income statement as "gains and losses from investment securities".

e) Impairment

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognizes an allowance for impairment when such evidence exists.

i) Loans and receivables/Financial assets, held to maturity

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in the income statement.

The allowance for impairment loss account is reduced through the income statement in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

ii) Financial assets, available-for-sale

Significant or prolonged declines in the fair value of the securities below its cost and the disappearance of an active trading market for the securities are objective evidence that the security is impaired.

The cumulative loss that was recognised in the fair value reserve is transferred to the income statement. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised in the income statement on debt securities. The impairment losses recognised in the income statement on equity securities are not reversed through the income statement.

### **Financial Risk and management**

The Company's overall business strategies, its tolerance of risks and its risk management philosophy are determined by the management in accordance with prevailing economic and operating conditions.

The Company has been dormant since June 2006 and hence is not exposed to credit risk, liquidity risk, interest rate risk, price risk and market risk.

#### **(i) Currency risk**

The Company's main exposure to currency risk arises from its United States Dollar bank balance as at end of the financial year.

The Company's currency exposure to its United States Dollar bank balance is disclosed in Note 5 to the financial statements.

The Company does not engage in forward currency contracts to hedge their exposure to currency risk as its United States Dollar bank balance is not material.

### **Capital risk management**

The Company's objective when managing capital risk is to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder's value.

As at the balance sheet date, the Company did not require any external funding as the Company has been dormant since June 2006.

#### **Fair value of financial assets and financial liabilities**

The following methods and assumptions are used to estimate the fair value of each class of financial instruments.

#### ***Cash and cash equivalents, trade and other receivables and trade and other payables***

The fair values of these financial instruments approximate their carrying amounts at the balance sheet date because of their short term maturity.

**3. Loss before tax**

Loss before tax has been arrived at after charging (crediting):

	2010 \$	2009 \$
Net exchange loss (gain)	199	(84)

**4. Income tax**

The tax credit on loss differs from the amount that would arise using the Singapore standard rate of income tax due to the following:

	2010 \$	2009 \$
Loss before tax	(3,585)	(3,418)
Tax calculated at tax rate of 17% (2009: 17%)	(609)	(615)
<i>Reconciling items</i>		
Expenses not deductible for tax purposes	609	615
Tax charge	-	-

**5. Cash and cash equivalents**

	2010 \$	2009 \$
Cash at bank	5,295	3,830
Cash on hand	2,348	2,348
	<b>7,643</b>	<b>6,178</b>

The bank balances that are not denominated in the functional currency of the Company are as follows:

	2010 \$	2009 \$
United States Dollar	2,340	2,539

**6. Amount due from holding company**

The balance is unsecured, interest free and repayable on demand.

**7. Share Capital**
Issued and fully paid ordinary shares

	No. of shares	Value \$
2009 Balance as at beginning and end of the year	10,000	10,000
2010 Balance as at beginning and end of the year	10,000	10,000

**9. Authorisation of financial statements**

These financial statements were authorized for issue in accordance with a resolution of the board of directors of Vama Asia Pte Ltd on July 6, 2010.







**VAMA INDUSTRIES LIMITED**

# 201, Sri Sai Darsan Residency, 7-1-408 to 413, Balkampet Road, Ameerpet, Hyderabad – 500 016

**ATTENDANCE SLIP**

(Please present this slip at the Meeting Venue)

Regd. Folio No. :

No. of Shares Held:

Client ID No. :

DP ID No. :

I hereby record my presence at the 25th Annual General Meeting of the members of the Company held on September 30, 2010 at 11:00 a.m. at # 201, Sri Sai Darsan Residency, 7-1-408 to 413, Balkampet Road, Ameerpet, Hyderabad – 500 016.

.....  
Name of the Shareholder / Proxy

.....  
Signature of Member / Proxy

Note: Members are requested to bring their copies of Annual Report to the meeting



**VAMA INDUSTRIES LIMITED**

# 201, Sri Sai Darsan Residency, 7-1-408 to 413, Balkampet Road, Ameerpet,  
Hyderabad – 500 016

**PROXY FORM**

Regd. Folio No. :

No. of Shares Held:

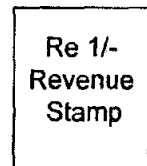
Client ID No. :

DP ID No. :

I/We.....being a member/members of Vama Industries Limited hereby appoint..... in the District of .....as my/our proxy to attend and vote for me/us and on my/our behalf at the 25th Annual General Meeting of the Company to be held on Thursday, September 30, 2010 at 11.00 a.m. at # 201, Sri Sai Darsan Residency, 7-1-408 to 413, Balkampet Road, Ameerpet, Hyderabad-500 016 and at any adjournment thereof :

Singed this ..... Day of ..... 2010  
(Member)

Signature .....  
(Proxy)



Note: This Proxy Form duly completed should be deposited at the Registered Office of the Company not less than 48 (Forty Eight) hours before the time fixed for holding the meeting.

1. The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that proper record-keeping is essential for the integrity of the financial system and for the ability to detect and prevent fraud. The text notes that without reliable records, it would be difficult to track the flow of funds and identify any irregularities.

2. The second part of the document outlines the specific procedures for recording transactions. It details the steps involved in the accounting process, from the initial recording of a transaction to the final posting to the general ledger. The text stresses the need for consistency and accuracy in these procedures to ensure that the financial statements are reliable and free from error.

3. The third part of the document addresses the role of internal controls in the accounting process. It explains how internal controls are designed to prevent and detect errors and fraud, and how they contribute to the overall effectiveness of the financial system. The text highlights the importance of a strong internal control environment and the need for regular monitoring and evaluation of these controls.

4. The fourth part of the document discusses the impact of technology on the accounting process. It notes that the use of computerized accounting systems has significantly improved the efficiency and accuracy of financial reporting. However, it also points out that the use of technology has introduced new risks, such as data security and system failures, which must be carefully managed.

5. The fifth part of the document concludes by summarizing the key points discussed and emphasizing the ongoing nature of the accounting process. It states that the accounting system is a dynamic and evolving one, and that it is essential to stay up-to-date with the latest developments and best practices in the field.