

**28th
Annual Report
2012 -13
VAMA INDUSTRIES LIMITED**



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VAMA INDUSTRIES LIMITED

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Corporate Information



Executive Directors		Designation	
V. Atchyuta Rama Raju V. Rajam Raju		Chairman and Managing Director Executive Director	
Non Executive & Independent Directors		Company Secretary & Compliance Officer	
V. Ramakrishna Rao R. Venkateswara Rao K. Vara Prasad Raju		Shilpa Kotagiri	
Statutory Auditors		Internal Auditors	
G.V & Co. Grandhi Vittal Chartered Accountants #H.No.2-159, Ananda Nilayam, Street No.3 Vani Nagar, Malkajgiri, Hyderabad – 500047		M/s. V. Kishore & Associates Chartered Accountants #202, Divya Residency Thakur Mansion Lane, Somajiguda, Hyderabad-500038	
Bankers		Registrar & Share Transfer Agents	
State Bank of India ICICI Bank Ltd HDFC Bank Ltd Corporation Bank		M/s. Bigshare Services Private Limited 306, Right Wing, Amrutha Ville Opp. Yashoda Hospital, Somajiguda, Rajbhavan Road, Hyderabad – 500 082, A.P. India.	
Registered Office		Corporate office at Hyderabad	
Ground Floor, 8-3-191/147/24 Plot No. B-12, Madhura Nagar S.R. Nagar[Post], Hyderabad 500 038 Andhra Pradesh., India. Tel: +91 40 6661 5534 / 6661 9919 Fax: +91 40 2370 8672		7-1-24/2/D, Greendale, II Floor, Beside Green Park Hotel, Ameerpet Hyderabad – 500 016, A.P., India Tel: +91 40 6684 5534 Fax: +91 40 2373 3810	
Corporate Office at Mumbai		Website & email Id for Investors	
Office No. 619, 6th Floor, Maker Chambers - V Nariman Point, Mumbai - 400021, Mah., India		Website : www.vamaind.com email Id : investorservices@vama.co.in	
Secretarial Consultants		28th Annual General Meeting	
P.S.Rao & Associates Company Secretaries Flat No.:10, 4th Floor # 6-3-347/22/2, Dwarakapuri Colony, Panjagutta, Hyd-082		Date & Time : 28th September, 2013 at 10.00 A.M. Day : Saturday Venue: Hotel Inner Circle, Raj Bhavan Road, Somajiguda, Hyderabad -500 082	
Cut off Date & Time for lodging Proxies		Dates of Book Closure	
Date: 26th September, 2013 [Thursday] Time: 10.00 A.M. At the Registered office of the Company		From: 25th September, 2013 [Wednesday] To: 28th September, 2013 [Saturday] (Both days inclusive)	
Committees of the Board			
Audit Committee	V. Ramakrishna Rao (Chairman)	R. Venkateswara Rao (Member)	K. Vara Prasad Raju (Member)
Remuneration Committee	R. Venkateswara Rao (Chairman)	V. Ramakrishna Rao (Member)	K. Vara Prasad Raju (Member)
Shareholders / Investor Grievance Committee	R. Venkateswara Rao (Chairman)	V. Ramakrishna Rao (Member)	V. A. Rama Raju (Member)

Message from the Chairman



Dear Fellow Shareholders, Greetings!

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

The year 2012 – 2013 has been extremely challenging for the global economy. Uncertainty ruled on all continents, in all sectors and markets and in all domains, be it economically, financially or politically. The manufacturing industry saw this uncertainty translated into unpredictable demand patterns, increased credit restrictions, extended trade barriers, and a highly competitive environment driven by general overcapacity in many sectors

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

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

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

Further, we would like to give you a gentle reminder on Green Initiative in Corporate Governance, and therefore we would request you to understand the initiative taken by the Ministry and welcome the change, which will help the shareholders to have easy and prompt communication of the Annual Reports. Also it will reduce the paper consumption and thereby help in protecting the environment for our future generations. Therefore, you are requested to ensure that you have updated your email Ids with your DP's at the earliest possible.

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

With Best Wishes

Sd/-

V. A. Rama Raju

Chairman and Managing Director

14th August, 2013
Hyderabad.

Notice

28th Annual General Meeting



Notice is hereby given that the Twenty Eighth (28th) Annual General Meeting [AGM] of the Members of M/s. VAMA Industries Limited will be held on Saturday, 28th day of September, 2013 at 10.00 A.M at Hotel Inner Circle, Raj Bhavan Road, Somajiguda, Hyderabad - 500082, to transact the following items of business :

ORDINARY BUSINESS

Item 1: Adoption of Accounts

To receive, consider and adopt the Audited Balance Sheet as at March 31, 2013 and the Profit & Loss Account for the year ended on that date along with the Reports of the Directors and Auditors thereon.

Item 2: Declaration of Dividend

To declare final dividend on equity shares for the financial year ended 31st March, 2013

Item 3: Reappointment of Mr. V. Rajam Raju

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

Item 4: Reappointment of Mr. R. Venkateswara Rao

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

Item 5: Appointment of Auditors

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

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

By Order of the Board
For VAMA Industries Limited

Sd/-

Shilpa Kotagiri
Company Secretary

August 14th, 2013
Hyderabad.

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXY TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING THE PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Members are requested to bring their copies of Annual Report together with notice to the meeting in order to enable us to register your attendance at the venue of the Annual General Meeting.
3. Corporate Members intending to send their authorised representative to attend the Meeting are requested to send to the company a certified copy of the Board Resolution authorizing their Representative to attend and vote on their behalf at the Meeting.
4. In case of joint holders attending the Meeting, only such joint holders who are higher in the order of names will be entitled to vote.
5. In terms of Section 256 of the Companies Act, 1956, Sri V Rajam Raju and Sri R Venkateswara Rao, retire by rotation at the ensuing Meeting and being eligible, offer themselves for re-appointment. The Board of Directors of the Company commends their respective reappointments.
6. The Register of Members and Share Transfer Books will remain closed from Wednesday, September 25, 2013 to Saturday, September 28, 2013 (both days inclusive).
7. The dividend on Equity shares, if declared at the Meeting, will be dispatched / credited to those members whose names shall appear on the Company's Register of Members on Tuesday, September 24th, 2013 and in respect of the shares held in dematerialised form the dividend will be paid to members whose names are furnished by National



- Securities Depository Limited [NSDL] and Central Depository Services (India) Limited [CDSL] as beneficial Owners as on that date.
8. Members who hold shares in the Dematerialized form and want to change/correct the bank account details should send the same immediately to their concerned Depository Participant and not to the Company. Members are also requested to give the MICR code of their Bank to their Depository Participants. While making payment of Dividend, Registrar is obliged to use only the data provided by the Depositories.
 9. Physical Shares – Payment of Dividend through NECS: Members holding shares in Physical form are advised to submit particulars of their Bank account viz. Name and Address of the Branch of the Bank, MICR code of the branch, type of account and account number firstly to our Registrar and Share Transfer Agent, M/s. Bigshare Services Private Limited, 306, Right Wing, Amrutha Ville, Somajiguda, Rajbhavan Road, Hyderabad – 500 082.
 10. Members holding shares in Physical form are requested to advise any change of address immediately to the Company/ Registrar and Transfer Agents M/s. Bigshare Services Private Limited.
 11. Members who are holding Physical Shares in identical order of names in more than one folio are requested to send the Company or Company's Share Transfer agent the details of such folios together with the Share Certificates for consolidating their holding in one folio. The Share Certificates will be returned to the members after making requisite changes, thereon.
 12. Members who wish to claim Dividend, which remain unclaimed are requested to either correspond with the Corporate Secretarial Department at the Company's Registered Office or the Company's Registrar and Share Transfer Agent (M/s. Bigshare Services Private Limited). Members are requested to note that dividends not encashed or claimed within Seven years and 30 days from the date of declaration of dividend, will as per Section 205A(5) read with section 205C of the Companies Act, 1956 be transferred to the Investor Education and Protection Fund (IEPF) of Government of India.
 13. Members are requested to mandatorily quote their Registered Folio No or Demat Account No and Depository Participant Identification Number (DPID No) on all correspondence with the company.
 14. Securities and Exchange Board of India [SEBI] vide circular ref NO. MRD/Dop/CIR-05/2007 dated April 27, 2007 made PAN, the sole Identification Number for all participants transacting in the Securities Market, irrespective of the amount of transaction. In continuation to the aforesaid circular, it is hereby clarified that for Securities Market Transactions and off market/ private transactions involving transfer of shares of listed companies in Physical form, it shall be mandatory for the transferee(s) to furnish copy of PAN card to the company/ RTA's for registration of such Transfer of Share.
 15. **Members are advised to update their email Id's with Company's RTA and/or concerned Depository participants as soon as possible.**
 16. Pursuant to Clause 49 of the Listing Agreement, brief profile of the Directors seeking reappointment at the ensuing Annual General Meeting scheduled to held on 28th September, 2013 is as follows:-

V. Rajam Raju

Date of Birth	: May 10, 1967
Date of Appointment	: June 23, 2003
Qualification	: B.E., M.E. (Mechanical) with specialization in Production Engineering.
Expertise	: Mr. Rajam Raju has rich experience in the field of operations, promotion of various IT & Related products and client relationship
Directorship held in other Public companies (Excluding Foreign Companies) : Nil	
Memberships / Chairmanships of committees of other public companies : Nil	
Shareholding in the company as on 31.03.2013 : 11,80,500	

R. Venkateswara Rao

Date of Birth	: June 15, 1962
Date of Appointment	: May 07, 2004
Qualification	: Bachelor of Engineering (Mechinical)
Expertise	: Rich Experience in senior management and operating positions.
Directorship held in other Public companies (Excluding Foreign Companies) : Nil	
Memberships / Chairmanships of committees of other public companies : Nil	
Shareholding in the company as on 31.03.2013 : 700	

By Order of the Board
For VAMA Industries Limited

August 14th, 2013
Hyderabad.

Sd/-
Shilpa Kotagiri
Company Secretary

Directors' Report



Dear Fellow Shareholders,

On behalf of the Board of Directors, I am happy to present the 28th Directors Report of your Company along with the Balance Sheet and Statement of Profit & Loss for the year ended March 31, 2013.

FINANCIAL PERFORMANCE

The Financial performance of the Company, for the year ended March 31, 2013 is summarized below:

(₹ in Lakhs)

Particulars	Audited	
	2012-13	2011-12
Turnover	2120.06	1401.77
Other Income	3.13	2.87
+/- in Inventory	108.03	117.83
Total Income	2123.19	1404.63
PBIDT	97.42	122.39
Less: (i) Interest	26.28	13.04
(ii) Depreciation	37.90	82.66
Profit Before Tax	33.24	26.68
Less: Provision for Tax		
- Current	9.75	7.09
- Deferred	0.53	(3.22)
- Fringe Benefit Tax	0	0
Profit After Tax	22.97	22.82
Less: Appropriations		
a) Transfer to Reserves	Nil	Nil
a) Proposed Dividend	7.04	7.04
b) Tax on Proposed Div	1.14	1.14
Earning Per Share (EPS)	0.33	0.32
Balance Carried to B/S.	14.79	14.64

BUSINESS PERFORMANCE

Our Revenues from Operations for the Current year grew to Rs.2120.06 Lakhs against an amount of Rs.1401.77 Lakhs for the year 2011-12 and the profit after tax for the year stood at Rs. 22.97 Lakhs when compared to Rs.22.82 Lakhs for the previous year 2011-12.

The above revenue includes income from Services of Rs. 48,166,160/-

Further, your Company has earned a Profit (Before Tax) of Rs. 33.24 Lakhs for the financial year 2012-13 as against Rs. 26.68 Lakhs for the previous financial year 2011-12. The Company does not propose to transfer any amount to its Reserves.

DIVIDEND

Your Board of Directors recommends a final dividend of 1% (Re. 0.10 per share) on 70,38,000 fully paid Equity Shares of Rs. 10/- each for the year ended March 31, 2013 [Previous year Rs. 0.10 per Equity Share of Rs. 10/- each] to be appropriated from the profits of the year 2012-13, subject to the approval of shareholders at the ensuing Annual General Meeting. The Dividend will be paid in Compliance with applicable Regulations.

FUTURE OPERATIONS

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

REAPPOINTMENT OF STATUTORY AUDITOR

The Statutory Auditors M/s. GV & Co, Chartered Accountants retires at the ensuing Annual General Meeting and has confirmed their eligibility and willingness to accept office, if reappointed. The proposal for their re-appointment is included in the notice for Annual General Meeting sent herewith. The statutory Auditors have confirmed that their appointment, if made, will be in accordance with the provisions of section 224 (1B) of the Companies Act, 1956.

QUALITY

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

FIXED DEPOSITS

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



CORPORATE GOVERNANCE:

VAMA firmly understands and believes the importance of Corporate Governance. Your company always aims for its growth by adhering to the National and International Corporate Governance Standards. The Company's philosophy on corporate governance ensures fiscal accountability, ethical corporate behaviour and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and the society at large.

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

E- DISPATCH OF ANNUAL REPORTS

While adhering to the Green Initiative measures, as suggested by the MCA, Your Company has resolved to dispatch the Annual Reports electronically to such shareholders who have registered and updated their e-mail IDs., with the Registrar & Transfer Agents of the Company. Annual Report, in physical form shall be dispatched to other shareholders.

LISTING & TRADING

The Equity Shares of the Company are listed on BSE Limited, Mumbai. The Company has paid the listing fees for the financial year 2013-14. You may further note that the listing/ trading was never suspended at any time during the financial year 2012-13.

PARTICULARS OF EMPOLYEES

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

DIRECTORS

Pursuant to the provisions of Section 256 of the Companies Act, 1956 Mr. V Rajam Raju and Mr. R. Venkateswara Rao retire by rotation at the ensuing AGM and being eligible, offer themselves for re-appointment.

DEMATERIALISATION OF SHARES

99.55% of the total paid up equity shares of the Company are in dematerialized form as on 31st March, 2013

DIRECTORS RESPONSIBILITY STATEMENT

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

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

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

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

ACKNOWLEDGEMENTS AND APPRECIATIONS

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

For and on behalf of the Board

Sd/-

V. A. Rama Raju
Chairman and Managing Director

August 14th, 2013
Hyderabad.

Management Discussion and Analysis Report

Annexure-A forming part of Directors' Report



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

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

A. Industry Structure & Developments

The global economic environment in calendar year 2012 continued to remain uncertain with signs of concern and slow growth (1%-2%). Improving consumer confidence and structural policy decisions in the developed markets are providing the required momentum to kick-start the economy on to the path of recovery.

Companies are focusing on their core competencies and using outsourced technology service providers to adequately address these needs. The role of technology has evolved from supporting corporation to transforming their business. At the same time, corporations are reluctant to expand their internal IT Departments and increase costs. These factors have increased the reliance of corporations on their outsourced technology service providers and are expected to continue to drive future growth for outsource technology services.

Quality Service & Customer Care

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

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

B. Financial Information

1. Sources of Funds

Currently, we have only one class of shares i.e., Equity Shares of nominal value Rs. 10/- each. Our Authorised Share Capital is Rs. 8,00,00,000 divided into 80,00,000 equity shares of Rs. 10/- each. The Issued, Subscribed and Paid Up capital stood at Rs. 7,03,80,000 divided into 70,38,000 equity shares of Rs. 10/- each as at March 31, 2013 (same as that of the previous year).

2. Profit & Loss Account

The balance retained in the Profit & Loss account as at March 31, 2013 is Rs.14,79,044/-after providing for final dividend for the year of Rs.7,03,800/-and Dividend Tax of Rs.1,14,174/- thereon. The total amount of profits appropriated to dividend including Dividend tax is proposed to be Rs.8,17,974/-

3. Deferred Tax Assets/ Liabilities

We recorded net Deferred Tax Liabilities of Rs. 3,20,431 as at March 31, 2013 (Previous Year Rs. 2,67,896)

4. Fixed Assets

During the year, the net block of the fixed assets as at 31st march 2013 is Rs.1,67,55,200 as compared to Rs.1,89,45,779 in the previous year.

5. Investments

The Company did not make any investments during the year; however the Investment of Rs. 53,80,000 in M/s. Winfarm Agro Industries Limited is as a result of taking over of M/s. Sanjeevni Industries Limited.



C. Results of Operations

1. Income

Of the total revenues for the year ended March 31, 2013 approximately 14% were derived from our overseas operations whereas 86% were received from domestic operations.

Our revenues are segmented as 100% EOU, Domestic and other Income.

100% EOU Revenues are for those services which are performed at our software Development Center located in India (offshore revenues) towards IT & ITeS on the other hand domestic revenues are those revenues that are a result of trading in hardware products, and related services, consultancy and projects.

(₹ in lacs)

	2012-13	2011-12
100% Export Oriented Unit Services		
IT Services	29,686,188	32,866,174
Domestic Services		
Services/Consultancy/Projects	18,479,972	11,740,234
Hardware Trading & Metal Sales	163,839,781	95,570,528
Other Income	312,725	286,538
Total	212,318,666	140,463,474

2. Expenditure

(₹ in lacs)

	2012-13	2011-12
Cost of Products and Services	1600.07	889.90
Employee benefit Expenses	264.05	237.48
Financial Charges	35.32	16.97
Depreciation amortization expenses	37.90	82.66
Other Expenses	152.60	150.95
Total	2089.95	1377.95

Cost of products & services mentioned above is net Of the changes in inventories of finished goods, work In progress and stock-in-trade.

D. Opportunities & Threats

Scope : We at VAMA, being Offshore Technology Service Provider, practices high quality, Cost Competitive Technology Solutions and Related Support Functions to offshore Technology Service Providers to reduce cycle time for introducing new products and services. We firmly believe that our quality process and access to skilled talent base at lower costs enable us to take advantage of the trend towards outsourcing IT services.

Innovation, leadership, commitment to superior quality and process execution are the strengths of VAMA.

In view of establishing strong brand and long standing client relationships, to strengthen our position as a leading global technology service company by successfully differentiating our service offerings and increasing the scale of our operations, we understand that we have to expand geographically, continue to enhance our engagement models and offerings, continue to develop deep industry knowledge, increase business from existing and new clients, continue to invest in infrastructure and employees, enhance brand visibility.

Competition: Obviously we are operating in a highly competitive and rapidly changing market and In the future, we expect competition from companies establishing and building their offshore presence and firms in countries with lower personnel costs than those prevailing in India apart from those who



are strongly established. However, we understand that price alone cannot constitute a sustainable competitive advantage. We are confident to compete favorably with respect to these factors.

E. Outlook, Risks and Concerns

In this section, we are disclosing the risks and concerns of the company.

Revenues & Expenses: Like any other company, even our expenses and revenues are difficult to be predicted, our revenues are highly dependent on clients primarily located in the U.S. The impact of economic slowdown or other factors that affect the economic health of U.S may also affect our business. Our revenues are largely dependent upon small number of clients and the loss of any one of the client will certainly impact the business. As a result, there is intense competition in the market for technology services and this can affect our cost advantages, which could reduce our share of business from clients and may decrease our revenues. Currency fluctuations may also affect the results of our operations.

Government & Compliance:

Legislation in certain countries may restrict the company from outsourcing work to us. Increasing compliance in India and abroad is increasing the costs of compliance. Our increasing work with governmental agencies may expose us to additional risks. The income can also be affected if the Government of India or the government of another country changes its tax policies in a manner that is adverse to us. Our ability to acquire companies organized outside India depends on the approval of the Government of India and/or Reserve Bank of India, and failure to obtain permissions and approval could adversely impact our business.

Human Resources:

Increasing cost of employees may affect the margins of the company. In addition, our services demand highly skilled technology professionals and our ability to hire, attract, motivate, retain and train our personnel is demanding higher cost. However, the human resource strategy enabled the Company to attract, integrate, develop and retain the best talent required for driving business growth

Number of People Employed:

As on 31st March 2013, the employee strength was 130

Customers & Clients:

Our client's contracts are often conditioned upon our performance, which if unsatisfactory, may result in fewer revenues. Our engagements with customers are singular in nature and may not necessarily provide for subsequent engagements. Some of our long term client contracts contain certain provisions which, if triggered, could result in lower future revenues and profitability under the contract. This means that, our clients contracts can be terminated any time without cause. This could certainly affect the business negatively. On the other hand our business will suffer if we fail to anticipate and develop new services and enhance existing services in order to keep pace with rapid changes in technology and in the industry on which we focus.

F. Segment-Wise Performance

As of March 31, 2013 our main reportable segments are Software Development & Services (IT & ITeS) and Product/ Hardware Sales & Services.

Profitability

(₹ in Lakhs)

Particulars	Year ended March 31		Growth%
	2013	2012	
Earnings before Interest, Depreciation and Tax (EBIDTA)	97.42	122.39	(20.40)%
Interest	26.28	13.04	101.53%
Depreciation	37.90	82.66	(54.15)%
Profit Before Tax	33.24	26.68	24.59%
Tax	10.27	3.87	165.37%
Profit for the year	22.97	22.82	0.66%

G. Internal Control Systems and Their Adequacy

The CEO Certification, issued pursuant to the provisions of Clause 49 of the Listing Agreement is provided in the Annual report which shall discuss the adequacy of VAMA's Internal Control Systems and Procedures.



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 appointed M/s. V Kishore & 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 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's Audit committee 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.

For and on behalf of the Board

Sd/-

V. A. Rama Raju

Chairman and Managing Director

August 14, 2013
Hyderabad.

Corporate Governance Report

Annexure-B forming part of Directors' Report



I. COMPANY'S PHILOSOPHY

The Company believes that it must so govern its affairs as to optimise satisfaction amongst all its stakeholders, which includes its esteemed customers, providers of capital, employees, those from whom we buy and through whom we sell, the communities in which our primary activities take place and society at large. The Company attaches equal importance to both means and ends – the results sought to be secured and the methods used to achieve them.

As rightly said, Board of Directors is Center for good corporate Governance; VAMA practices a simple and transparent Corporate Structure and believes in well informed, active and Independent Board to ensure best standards of corporate Governance.

Company's belief that good ethics need good business sense and our business practices are in keeping with this spirit by following the Code of Conduct thereby maintaining high ethical standards. The board is actively involved in all important policy matters, guidelines, timely and accurate disclosures, financials, business performance, leadership and Governance of the Company, to ensure shareholders welfare and easy going of the operating of the Company.

II. Board Composition

(a) Size and Composition of the Board

During the financial year under review, VAMA has an appropriate mix of Executive and Independent Directors to maintain the Independence of the Board and to separate its functions of Governance and Management. The Board consists of 5 Directors, 2 of whom are executive or whole time directors and 3 are Independent Directors. The said two executive Directors are also promoters of the Company.

The Board composition is in conformity with clause 49 of the Listing Agreement and the Board periodically evaluates the need for change in composition of its size.

The Board met 5 (Five) times during the financial year under review, on the following dates :15th day of May, 2012, 14th day of August, 2012, 7th day of September, 2012, 14h day of November, 2012 and 14th day of February, 2013.

All the Directors attended all the aforementioned Board Meetings.

No. of Meetings Held / Attended

Director's Name	Designation	No of Board Meetings Attended
Promoter & Executive Directors		
V. A. Rama Raju	Chairman & Managing Director	5
V. Rajam Raju	Executive Director	5
Non Promoter & Non Executive Directors		
R. Venkateswara Rao	Independent Director	5
K. Vara Prasad Raju	Independent Director	5
V. Ramakrishna Rao	Independent Director	5

Membership in other Boards or Committees

Director's Name	No. of Memberships in other Companies (Excluding Private Limited Companies)	
	Board	Committee
V. A. Rama Raju	Nil	Nil
V. Rajam Raju	Nil	Nil
R. Venkateswara Rao	Nil	Nil
K. Vara Prasad Raju	Nil	Nil
V. Ramakrishna Rao	Nil	Nil

Attendance at previous Annual General Meeting

Director's Name	Attendance at Previous AGM
V. A. Rama Raju	Yes
V. Rajam Raju	Yes
R. Venkateswara Rao	Yes
K. Vara Prasad Raju	Yes
V. Ramakrishna Rao	Yes

(b) Responsibilities of the Chairman & Managing Director and Whole Time Director of the Company.

In short, the Chairman & Managing Director and the Executive Director are the mentors of the Management and responsible for Corporate Strategy, Planning, Internal & External Controls.

They also take care of business operations and targets, new initiatives and investments and planning for achieving targets.

They also overview customer service & support operations new advancements, in addition to governance, compliances and guidance on day to day challenges.

(c) Independent Directors: As per clause 49 of the listing agreement, an Independent Director means a non executive director of the Company who comply with the following:

1. does 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.
2. is not related to promoters or persons occupying management positions at the Board level or at one level below the Board.
3. has not been executive of the company in the immediately preceding three financial years.
4. is not a partner or executive or was not partner or executive during the preceding three years of the
 - (a) Statutory audit firm or the internal audit firm that is associated with the Company.
 - (b) Legal firm(s) and consulting firm(s) that have a material association with the company.
5. is not material supplier, service provider or customer or lessor or lessee of the Company which may affect independence of the Director.

6. is not substantial shareholder of the company i.e., does not own 2% or more of the block of voting shares.
7. is not less than 21 years of age.

As mandated under Clause 49, the Independent Directors on VAMA's Board are as follows:

Name of the Director	Designation
R. Venkateswara Rao	Independent Director
K. Vara Prasad Raju	Independent Director
V. Ramakrishna Rao	Independent Director

(d) Code of Conduct:

As per the requirements of Clause 49 of the Listing Agreement entered with the Stock Exchange, the Board has laid down a code of conduct for all its members, Senior Management Personnel and Designated Employees of the Company. The code of conduct is posted on the website of the Company (www.vamaind.com). All Board members and Senior Management Personnel affirm compliance with the code on an annual basis and the declaration to the effect by Mr. V A Rama Raju, Chairman & Managing Director, is attached to this report.

III. Audit Committee

A. Constitution of the Audit committee

As per Clause 49 of the Listing Agreement

Our audit committee (the committee) comprises 3 (Three) Independent Directors. During the financial year under review audit committee met 5 (Five) times. Each member of the committee is an Independent Director, according to the definition laid down in the clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

The primary objective of the committee is to monitor and provide effective supervision of the Management Financial Reporting process to ensure accurate and timely disclosures, with the highest levels of transparency, integrity and quality of financial reporting. The committee oversees the work carried out in the financial reporting process by the Management, the internal auditors and the independent auditors. The

committee has the ultimate authority and responsibility to select, evaluate and where appropriate, replace the independent auditor in accordance with the law. All possible measures must be taken by the committee to ensure the objectivity and independence of the Independent auditor.

B Meetings and attendance

Audit Committee attendance during the financial year 2012-13

Directors Name & Committee Position	No of Meetings held	No of Meetings attended
V. Ramakrishna Rao (Chairman)	15.05.2012	5
R. Venkateswara Rao (Member)	14.08.2012 07.09.2012	5
K. Vara Prasad Raju (Member)	14.11.2012 14.02.2013	5

All the members were present in each of such meeting.
Company Secretary is the Secretary to the Committee.

All the 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 29th Day of September, 2012 to answer the Shareholders' queries.

Terms of Reference:

The terms of reference of our Audit Committee are in accordance with the listing Agreement entered with Stock Exchanges read with Section 292A of the Companies Act, 1956 and includes such other functions as may be assigned to it by the Board from time to time.

(i) The Role of the Audit Committee includes:-

1. Overseeing the Company's Financial Reporting Process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. 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.
3. Reviewing with the Management, the Annual financial statements before submission to the Board for Approval, with particular reference to:
 - (i) 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.
 - (ii) Changes, if any, in Accounting Policies and practices and reasons for the same.
 - (iii) Major accounting entries involving estimates based on the exercise of judgment by the management.
 - (iv) Significant adjustments made in the financial statements arising out of audit findings.
 - (v) Compliance with listing and other legal requirements relating to financial statements.
 - (vi) Disclosure of any related party transactions.
 - (vii) Qualifications in the draft audit report.
4. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
5. Reviewing, with the management, performance of the statutory and internal auditors and adequacy of the internal control systems.
6. To discuss with statutory auditors before the audit commences, the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
7. Reviewing the adequacy of the internal audit function, if any, including the structure of the

internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

ii The Audit Committee is empowered under Clause 49(II)(C) of the listing Agreement to :

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

IV. Remuneration Committee

The Company has a remuneration Committee of 3 (Three) Independent 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

Directors Name & Committee Position	No. of Meetings held	No. of Meetings attended
R. Venkateswara Rao (Chairman)	2	2
V. Ramakrishna Rao (Member)	2	2
K. Vara Prasad Raju (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:

- (i) Financial position of the Company
- (ii) Trends in the Industry
- (iii) Appointee's qualification and experience
- (iv) Past performance
- (v) Past remuneration etc.

Details of Remuneration to Directors for the Financial year 2012-13

(a) Executive Directors

V.A. Rama Raju	(in ₹)
Salary (Basic)	8,40,000
HRA	3,36,000
Other Allowances	8,04,000
Total	19,80,000

V. Rajam Raju	(in ₹)
Salary (Basic)	8,40,000
HRA	3,36,000
Other Allowances	6,24,000
Total	18,00,000

(b) Non Executive Directors

Remuneration paid to Non-executive Directors Nil.

Shares held by Non-Executive Directors in the Company as on 31.03.2013 are as follows:-

Directors Name	No. of Shares held	% of shares held
R. Venkateswara Rao	700	0.01%
V. Ramakrishna Rao	200	0.00%
K. Vara Prasad Raju	300	0.00%



V. SHAREHOLDERS / INVESTOR GRIEVANCE COMMITTEE

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

Directors Name & Committee Position	No. of Meetings held	No. of Meetings attended
R. Venkateswara Rao (Chairman)	4	4
K. Ramakrishna Rao (Member)	4	4
V. A. Rama Raju (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 secretary of the committee and Compliance Officer of the Company.

Shareholders Grievances during the Financial year 2012-13

Nature of Queries / Complaints	Received during the year	Redressed during the year	Pending as on 31st March 2013
Nil	Nil	Nil	Nil

Please note that, there are No Complaints pending during the Financial year 2012-13

VI. GENERAL BODY MEETINGS & SHAREHOLDERS INFORMATION

(a) The Details of the last three (3) Annual General Meetings are as follows:

Financial Year	Date & Time	Venue	Special Resolutions Passed
2011-12	Sep 29, 2012, (Saturday) at 10.00 A.M	# 201, Sri Sai Darsan Residency, 7-1-408 to 413, Balkampet Road, Ameerpet, Hyderabad -16	None
2010-11	Sep 30, 2011, (Friday) at 11 A.M	#201, Sri Sai Darsan Residency, 7-1-408 to 413, Balkampet Road, Ameerpet, Hyderabad -16	None
2009-10	Sep 30, 2010, (Thursday) at 11 A.M	#201, Sri Sai Darsan Residency, 7-1-408 to 413, Balkampet Road, Ameerpet, Hyderabad -16	1. Revision in Remuneration of Chairman & Managing Director. 2. Revision in Remuneration of Executive Director

(b) Postal Ballot

During the financial year under review, no postal ballot process was taken up and hence No Special Resolutions were passed through Postal Ballot. Therefore providing details of person who conducted the Postal Ballot exercise does not arise. As of now, there is no proposal to pass any Special resolution through Postal Ballot process. Special resolutions, if required to be passed in the future, will be decided at the relevant time. The procedure for postal Ballot is / shall be as per the provisions contained in this behalf in the Companies Act, 1956 and rules made there under namely Companies (Passing of the resolutions by Postal Ballot) Rules, 2011 and any amendments thereof.

(c) Annual General Meeting

Date & Time : September 28, 2013 at 10.00 A.M

Venue : Inner Circle, Raj Bhavan Road, Somajiguda, Hyderabad-500 082,



(d) Financial Year (2012-2013)

The Financial year under review is 2012-2013 [01 April, 2012 to 31 March, 2013].

(e) Book Closure

September 25, 2013 to September 28, 2013 [both days inclusive]

(f) Dividend

Board of Directors at its meeting held on May, 30th, 2013 recommended the dividend of Re.0.10 (1%) per equity share of Rs. 10/- each for the financial year 2012-13 subject to the approval of shareholders at the ensuing Annual General Meeting, If approved the dividend will be paid on or before 28 October, 2013.

(g) Listing Details

At present, the Equity Shares of the Company are listed on BSE Limited (BSE).

The Annual Listing fees for the financial year 2013-14 on equity share capital has been paid to BSE.

The Company has paid custodial fees for the year 2013-14 to National Securities Depository Limited [NSDL] and Central Depository Services (India) Limited [CDSL] on the basis of number of beneficial accounts maintained by them as on March 31, 2013.

(h) Stock Information

BSE Scrip Code: 512175
Scrip Name: VAMA Industries Ltd
Symbol : VAMA IND
Series : EQ
ISIN : INE685DO1014

(i) Market Price Data

Monthly high and low quotations of equity shares traded on BSE Limited during the financial year 2012 -13:

Financial Year 2012-2013	BSE		
	High (Rs.)	Low (Rs.)	Volume (No. of shares)
April 2012	10.31	6.71	27,839
May 2012	9.15	7.40	19,713
June 2012	7.56	6.78	28,582
July 2012	7.43	6.25	37,001
August 2012	7.28	6.58	1,346
September 2012	6.90	6.25	12,596
October 2012	7.65	6.54	43,380
November 2012	7.65	6.27	34,473
December 2012	7.73	6.42	21,445
January 2013	7.72	6.49	34,727
February 2013	7.68	5.98	19,443
March 2013	7.11	5.52	11,085

(j) Distribution of Shareholding

[As on 31.03.2013]

Range of Equity Shares	No of share	%	No of shares holders	%
1	63	0.00	63	5.51
2-10	463	0.01	80	6.99
11-50	2948	0.05	88	7.69
51-100	12644	0.19	133	11.63
101-200	20962	0.30	117	10.23
201-500	84835	1.20	220	19.23
501-1000	118564	1.68	144	12.59
1001-5000	415254	5.9	173	15.12
5001-10000	360201	5.19	50	4.37
10001 to 20000	539061	7.66	36	3.15
20001 to 30000	339787	4.83	13	1.14
30001 to 40000	343685	4.84	10	0.87
40001 to 50000	182105	2.59	4	0.35
50001 to 100000	431984	6.14	7	0.61
Above 100000	4185444	59.50	6	0.52
Total	7038000	100.00	1144	100.00

(k) Dematerialization of shares and liquidity

As at March 31, 2013, 7006078 equity shares representing 99.55% of the total equity capital of the company were held in dematerialized form and the rest in the physical form.



Shares held in demat & Physical mode as at March 31, 2013 are as follows:

[As on 31.03.2013]

Category	Number of		% of equity
	Share holders	Shares	
Demat Mode			
NSDL	676	5565502	79.08 %
CDSL	430	1440576	20.47%
Total Demated shares	1106	7006078	99.55%
Physical Mode	38	31922	0.45
Grand Total	1144	7038000	100%

(l) Shareholders holding more than 1% of the shares

The Details of the shareholders (non promoters) holding more than 1% of the equity as at March 31, 2013 are as follows:

[As on 31.03.2013]

Name of the Shareholder	No of shares	%
Venu Gopala Raju Vegesna	146425	2.08
V. Chandravati	123603	1.76
Venkata Kakumanu Krishna Rao	106950	1.52
Atluri Hari Leela	75793	1.08
Celebrity Consultants Private Limited	73397	1.04
Total	526168	7.48

(m) Designated email Id for Investor Services

In terms of Clause 47(f) of the Listing Agreement, the designated email ID for investor's complaints is investorservices@vama.co.in.

(n) Shareholding pattern

[As on 31.03.2013]

Category	Share holders	Number of Shares held	voting Rights (%)
Promoters, Directors & Relatives	12	3976866	56.51
Bodies Corporate	45	299768	3.94
Public	1081	2756991	39.17
NRIs' / OCBs'	3	3769	0.05
Others	3	606	0.00
Total	1144	7038000	100.00

(o) 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.

(p) Plant Location(s): Not applicable

(q) Communication Address for Investors:

Company Secretary & Compliance Officer

VAMA Industries Limited
Ground Floor, 8-3-191/147/24,
Plot No. B-12, Madhura Nagar,
S.R. Nagar [Post], Hyderabad 500 038, A.P, India.

(r) Registrar and Share Transfer Agents

The Board of Directors of the Company has delegated the power of share transfer and related operations to M/s. Big Share Services Private Limited, registrar and Share Transfer Agents.

All the correspondence relating to the shares of the company should be addressed to Bigshare at the address given below.

Bigshare Services Private Limited

306, Right wing, Amrutha ville
Opp Yashoda Hospital
Somajiguda, Rajbhavan Road
Hyderabad 500 082.

Share Transfer System:

All the transfers are noted by the Shareholders / Investor Grievance Committee. Share transfer requests which are received in physical form, are processed and the share certificates returned within a period of 15 days in most cases, and in any case within 30 days, from the date of receipt, subject to the documents being in order and complete in all respects.

The Company obtains from a Company Secretary in practice Half-Yearly Certificate of compliances with the share transfer formalities as required under Clause 47 (c) of the Listing Agreement with the Stock Exchanges and files a copy of the Certificate with the Stock Exchange(s).

(s) CEO Certification

As required by Clause 49 of the Listing agreement, the CEO certification is given as an Annexure to this Annual Report.

(t) Code of Conduct

In compliance with Clause 49 of the listing agreement, the company has adopted a code of conduct. This code is applicable to the members of the Board, Senior Management Personnel and Designated Employees of the Company. The code of conduct is available on our website, www.vamaind.com.

All the members of the Board and the Senior Management Personnel and Designated Employees of the Company have affirmed compliance to the code of conduct, as at March 31, 2013. A declaration to this effect, signed by the CEO, the Managing Director is provided under the head "Declaration on code of Conduct".

(u) Secretarial Audit

Qualified 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 number of shares in physical form and the total number of dematerialized shares held with NSDL & CDSL.

(v) Other Information

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 this facility by furnishing the particulars of their nomination in Form 2B for this purpose.

VII. Disclosures**(a) 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 or relatives etc., if any are presented in the Notes to Accounts.

(b) Details of Non- compliance

No Penalty / strictures were imposed on the company by the stock Exchange or SEBI or any statutory Authority or any matter related to the Capital market during the last 3 (Three) years.

(c) Details of Compliance of Mandatory requirements

Company has fully complied with the applicable mandatory requirements of clause 49 of the listing agreement entered into with the stock Exchange.

(d) 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".

(e) Prevention of Insider Trading

In accordance with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, the Company has instituted a comprehensive code of conduct for prohibition of insider trading in the Company's shares.

(f) Auditors 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.

VIII. Means of Communication

The Company regularly interacts with the shareholders through the multiple channels of communication such as publication of notices, results, annual Reports and the company's website.

- (a) All the communication, may it be results or notices etc, by way of News Papers is published in Business Standard (English) and Andhra Prabha (Telugu) dailies.
- (b) Financials are furnished to BSE Ltd. 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 financial year under review.
- (d) The company promptly informs Stock Exchange about all the price sensitive information and all such other matters which in our opinion are material and relevant for the shareholders.
- (E) The companies **website : www.vamaind.com** Contains separate section for investors where shareholders information is made available .

CEO Certification

[Pursuant to Clause 49(v) of the Listing Agreement]



The Board of Directors
VAMA Industries Limited
Hyderabad, A.P

I, the undersigned, V. A. Rama Raju, Chairman and Managing Director of VAMA Industries Limited, to the best of my knowledge and belief, certify that:

1. I have reviewed the Balance Sheet and Profit & Loss account and other financial statements, read along with the Cash Flow Statements, and the Directors Report.
2. Based on our knowledge and information, the financial statement and other financial information included in this report, present in all material respects gives a true and fair view of the Company's affairs, the financial condition, results of operation and cash flows of the Company as of, and for, the periods presented in this report, and are in compliance with the existing accounting standards and /or applicable laws and regulations.
3. To the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's Code of Conduct.
4. We are responsible, for stabling and maintaining disclosures controls and procedures and internal controls over financial reporting for the company, and we have:
 - (a) Designed such internal controls over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purpose in accordance with Generally Approved Accounting Principles (GAAP).
 - (b) Evaluated the effectiveness of the company's disclosures, controls and procedures.
 - (c) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the Company's most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.
5. We have disclosed, based on our most recent evaluation, wherever applicable, to the company's auditors and the audit committee of the Company's Board of Directors (and persons performing the equivalent functions):
 - (a) There were no deficiencies in the design or operations of internal controls, that could adversely affect the Company's ability to record, process, summarize and report financial data, and there have been no material weaknesses in internal controls over financial reporting including any corrective actions with regard to deficiencies.
 - (b) there were no significant changes in internal controls during the year covered by this report.
 - (c) All significant changes in accounting policies during the year, if any, have been disclosed in the notes to the financial statements.
 - (d) there were no instances of fraud of which we are aware, that involve the Management or other employees who have a significant role in the Company's internal control system.
 - (e) I further declare that all the Board members and senior Managerial personnel have affirmed compliance with the code of Conduct for the current year.

For Vama Industries Limited

Sd/-

V A Rama Raju

Chairman & Managing Director

August 14, 2013
Hyderabad, A.P.

**Conservation of Energy, Research & Development,
Technology Absorption and Foreign Exchange Earnings/ Outgo.**
Annexure-C forming part of Directors' Report



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 measure has been taken to conserve and reduce the energy consumption by using energy efficient hardware and other equipment.

B) Technology Absorption, Adoption and Innovation, Research & Development

Technology absorption, adoption 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 & Development

- 1. Specific areas in which R& D carried out by the Company : Nil
- 2. Benefits derived as a result of the above R& D : N.A
- 3. Future Plan Of Action : N.A
- 4. Expenditure on R&D : NIL
 - A) Capital
 - b) Recurring Total
 - c) Total
 - d) Total R&D expenditure as a percentage of total turnover : N.A

II Technology Absorption

- 1. Efforts, in brief, made towards technology absorption, adoption and innovation : NIL
- 2. Benefits derived as a result of the above efforts, ex; product improvement cost reduction, product development, imports substitution etc. : Nil
- 3. Import of technology : NIL

C) Foreign Exchange Earnings and Outgo:

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

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

Being an EOU, 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

(₹ in lakhs)

Particulars	2012-13	2011-12
Foreign Exchange Earnings	291.44	328.66
Foreign Exchange outgo	206.11	15.01

For and on behalf of the Board of Directors

Sd/-
V. A. Rama Raju
Chairman and Managing Director

14th August, 2013
Hyderabad, A.P.

CERTIFICATE ON CORPORATE GOVERNANCE



CERTIFICATE ON CORPORATE GOVERNANCE

The Members
VAMA Industries Limited.

We have examined the compliance of conditions of Corporate Governance by VAMA Industries Limited, for the Financial year ended March 31, 2013 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 compliances 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.

for GV & Co.
Chartered Accountants

Sd/-
Grandhi Vittal
M.NO: 206462
Firm Reg No: 012875S

August 14th, 2013
Hyderabad.

DECLARATION ON CODE OF CONDUCT

The Members
VAMA Industries Limited.

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 Conduct for the Financial year ended March 31, 2013.

For VAMA Industries Limited
Sd/-
V A Rama Raju
Chairman & Managing Director

August 14th, 2013
Hyderabad.

Independent Auditor's Report



The Members
Vama Industries Limited
Hyderabad.

We have audited the accompanying financial statements of Vama Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility:

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

An audit involves 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 or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the

circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the 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 a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 March 31, 2013;
- b) in the case of the Profit and Loss Account, of the profit/ loss for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) 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

- c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For GV & Co.
Chartered Accountants

Sd/-
Grandhi Vittal
Proprietor
M.No. 206462
Firm Reg.No. 012875S

Place : Hyderabad
Date : 30.05.2013

Annexure to Independent Auditor's Report



(Referred to in Paragraph 1 under the heading of “report on other legal and regulatory requirements” of our report of even date)

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.
 - a. As per the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
 - b. As per the information and explanations given to us, the Company has taken interest free un-secured loans from 1 party covered in the register maintained under section 301 of the Companies Act, 1956 and the maximum amount outstanding is Rs.54,69,006/-
 - c. In our opinion, the rate of interest and other terms and conditions on which loan taken from the above parties are not, prima facie, prejudicial to the interest of the company
- d. As per the agreed terms, the company has repaid the said loan during the Financial Year 2012-13. The Company has been regular in the payment of interest as per stipulated terms.
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. In respect of contracts or arrangements entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to information and explanation given to us:
 - a. The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the register maintained under said section have been so entered
 - b. Where each of such transaction is in excess of Rs.5,00,000/- in respect of any party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
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, 2013 for a period more than six months from the date they became payable.
- b) Company received demand notice from Commercial Tax Department (Sales Tax) for the Financial Year 2007-08 for Rs. 5,31,097/- respectively, in this regard the company filed an appeal at the Appellate Deputy Commissioner (CT) Punjagutta, Nampally, Hyderabad, by paying 12.5% of notice amount as deposit with the authorities. Appellate Deputy Commissioner (CT) has passed Assessment Order, on 12.06.2012, by stating Sale of Rs.2,78,691/- is subjected to VAT @ 4%. It amounts to Rs.11,148/- and has been provided in Books of Account in Financial Year 2012-13.
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.

For GV & Co
Chartered Accountants
Sd/-
Grandhi Vittal
Proprietor
M.No. 206462
Firm Regn No. 012875S

Place: Hyderabad
Date : 30.05.2013

Balance Sheet

as at March 31, 2013



Particulars	Note No.	As at 31.03.2013 Amount in ₹	As at 31.03.2012 Amount in ₹
I. EQUITY AND LIABILITIES			
Shareholders Funds			
(a) Share capital	1	70,380,000	70,380,000
(b) Reserves and surplus	2	14,983,022	13,503,977
(c) Money received against share warrants		-	-
		<u>85,363,022</u>	<u>83,883,977</u>
Share application money pending allotment	3	-	-
Non-current liabilities			
(a) Long-term borrowings	4	-	55,198
(b) Deferred tax liabilities (net)		320,431	267,896
(c) Other long-term liabilities	5	-	-
(d) Long-term provisions	6	-	-
		<u>320,431</u>	<u>323,094</u>
Current liabilities			
(a) Short-term borrowings	7	23,169,356	12,094,858
(b) Trade payables	8	36,880,104	5,310,071
(c) Other current liabilities	9	6,367,680	5,200,553
(d) Short-term provisions	10	1,973,764	1,963,214
		<u>68,390,904</u>	<u>24,568,696</u>
TOTAL		<u>154,074,357</u>	<u>108,775,767</u>
II. ASSETS			
Non-current assets			
(a) Fixed assets	11		
(i) Tangible assets		7,987,359	8,159,870
(ii) Intangible assets		8,767,841	10,785,909
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under development		-	-
		<u>16,755,200</u>	<u>18,945,779</u>
(b) Non-current investments	12	5,380,000	5,380,000
(c) Deferred tax assets (net)		-	-
(d) Long-term loans and advances	13	6,653,466	6,899,730
(e) Other non-current assets	14	8,106,410	7,205,947
		<u>20,139,876</u>	<u>19,485,677</u>
Current assets			
(a) Current investments		-	-
(b) Inventories	15	31,275,852	20,473,007
(c) Trade receivables	16	73,543,231	42,084,491
(d) Cash and bank balances	17	6,573,174	2,553,584
(e) Short-term loans and advances	18	5,505,516	4,677,903
(f) Other current assets	19	281,508	555,326
		<u>117,179,281</u>	<u>70,344,311</u>
TOTAL		<u>154,074,357</u>	<u>108,775,767</u>

III. NOTES FORMING PART OF FINANCIAL STATEMENTS 27 - 43

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 G.V & Co.,

Chartered Accountants

Sd/-

Grandhi Vittal

Proprietor

Membership No. 206462

Firm Regn No. 012875S

for and on behalf of the Board of Directors

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

Sd/-
V. Rajam Raju
Executive Director

Sd/-
Shilpa Kotagiri
Company Secretary

Place : Hyderabad

Date : 30-05-2013

Statement of Profit and Loss Account

for the year ended March 31, 2013



Particulars	Note No.	As at 31.03.2013 Amount in ₹	As at 31.03.2012 Amount in ₹
I. Revenue from operations	20	212,005,941	140,176,936
II. Other income	21	312,725	286,538
III. TOTAL REVENUE (I + II)		212,318,666	140,463,474
IV. Expenses:			
(a) Cost of Material Consumed		-	-
(b) Purchase of Stock -in- Trade	22	170,810,081	100,772,569
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	23	(10,802,845)	(11,782,733)
(d) Employee benefit expenses	24	26,404,820	23,747,745
(e) Finance costs	25	3,532,298	1,696,673
(f) Depreciation and amortization expenses	11	3,789,680	8,265,799
(g) Other Expenses	26	15,260,439	15,094,932
TOTAL EXPENSES		208,994,473	137,794,985
V. Profit before exceptional & extraordinary items and tax (III - IV)		3,324,193	2,668,489
VI. Exceptional items		-	-
VII. Profit before extraordinary items and tax (V-VI)		3,324,193	2,668,489
VIII. Extraordinary items		-	-
IX. Profit before tax (VII - VIII)		3,324,193	2,668,489
X. Tax expense:			
Provision for Income Tax			
Current Year		974,640	708,600
Deferred tax		52,535	(321,615)
Total Tax Expenses		1,027,175	386,985
XI. Profit for the period from continuing operations (IX - X)		2,297,018	2,281,504
XII. Profit from discontinuing operations (before tax)		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. Profit from discontinuing operations (after tax) (XII - XIII)		-	-
XV. Profit for the period (XI + XIV)		2,297,018	2,281,504
XVI. Earnings per equity share:			
1) Basic		0.33	0.32
2) Diluted		0.33	0.32
XVII. NOTES FORMING PART OF THE FINANCIAL STATEMENTS 27 - 43			

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

As per my report of even date

For G.V & Co.,

Chartered Accountants

Sd/-

Grandhi Vittal

Proprietor

Membership No. 206462

Firm Regn No. 012875S

Place : Hyderabad

Date : 30.05.2013

for and on behalf of the Board of Directors

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

Sd/-
V. Rajam Raju
Executive Director

Sd/-
Shilpa Kotagiri
Company Secretary

Cash Flow Statement

for the year ended March 31, 2013



Particulars	As at 31.03.2013 Amount in ₹	As at 31.03.2012 Amount in ₹
A. Cash flow from Operating activities		
Net Profit before tax as per Profit and loss account	3,324,193	2,668,489
Adjustments		
(Profit) / Loss on sale of fixed assets (net)	-	11,000
(Profit) / Loss on sale of investments (net)	-	89,624
Depreciation and Amortisation Expense	3,789,680	8,265,799
Preliminary Expenditure Written Off	-	-
Other Income	(312,725)	(286,538)
Finance Costs	3,532,298	1,696,673
Effect on Exchange Rate Change	-	-
	10,333,446	12,445,047
(Increase)/Decrease in Trade and Other Receivables	(31,458,740)	315,573
(Increase)/Decrease in Inventories	(10,802,845)	(11,782,733)
Changes in Short Term Loans & Advances	(827,613)	(706,357)
(Increase)/Decrease in Fixed Deposits having original maturity over 3 months	(391,428)	(140,864)
Changes in Other Current Assets	1,091,792	1,424,932
(Increase)/Decrease in Trade Payables	31,570,033	(13,577,885)
(Increase)/Decrease in Other Current Liab. /Short Term Prov.	(614,934)	(1,965,449)
Cash generated from Operations	(1,100,289)	(13,987,736)
Direct Taxes paid	-	-
Net Cash from Operating activities	(1,100,289)	(13,987,736)
B. Cash flow from Investing Activities		
(Purchase) / Sale of Fixed Assets (Net)	(1,599,103)	6,631,380
Capital Work-in-progress	-	4,394,715
(Purchase) / Sale of Investments (Net)	-	184,904
Acquisition of Companies	-	-
Changes in Long Term Loans & Advances	246,264	(1,362,861)
Changes in Other Non Current Assets	(900,463)	(2,642,934)
(Increase)/Decrease in Other Long Term Liab. / Long Term Prov.	-	-
Other Income	312,725	286,538
Cash flow before exceptional items	(1,940,577)	7,491,742
Exceptional Items	-	-
Net Cash from Investment Activities	(1,940,577)	7,491,742
C. Cash Flow from Financing Activities		
Proceeds from issue of Share Capital/ Share Application Money	-	-
Proceeds / (Repayment) from Long Term Borrowings	(55,198)	(659,585)
Proceeds / (Repayment) from Short Term Borrowings	11,074,498	8,415,851
Finance Costs	(3,532,298)	(1,696,673)
Dividends Paid	(703,800)	(1,407,600)
Dividend tax paid	(114,174)	(239,222)
Effect on Exchange Rate Change	-	-
Net cash used in financing activities	6,669,028	4,412,771
Net (Decrease) / Increase in cash and cash equivalents	3,628,162	(2,083,223)
Cash and cash equivalents at the beginning of the year	326,334	2,409,557
Cash and Cash equivalents at the end of the year	3,954,496	326,334
Short Term Bank Deposits	2,618,678	2,227,250
Cash and Bank Balances at the end of the year	6,573,174	2,553,584

- The above Cash Flow Statement has been prepared under the Indirect Method as set out in Accounting Standard 3 on Cash Flow Statements notified under section 211 (3C) of the Companies Act, 1956.
- Previous Year Figures have been regrouped/ reclassified/ rearranged wherever necessary.

As per my report of even date

For G.V & Co.,
Chartered Accountants

Sd/-

Grandhi Vittal

Proprietor

Membership No. 206462 Place : Hyderabad

Firm Regn No. 012875S Date : 30.05.2013

For and on behalf of the Board of Directors

Sd/-

V. A. Rama Raju

Chairman & Managing Director

Sd/-

V. Rajam Raju

Executive Director

Sd/-

Shilpa Kotagiri

Company Secretary

Note No. 1 : SHARE CAPITAL

Amount in ₹

SI No.	Particulars	As At 31.03.2013		As At 31.03.2012	
		Number	Amount	Number	Amount
	Authorised				
(i)	Equity Shares of ₹10/- each with Voting Rights	8,000,000	80,000,000	8,000,000	80,000,000
	Issued, Subscribed and Paid up				
(i)	Equity Shares of ₹10/- each fully paid up with Voting Rights	7,038,000	70,380,000	7,038,000	70,380,000
	Total	7,038,000	70,380,000	7,038,000	70,380,000

(a) Reconciliation of number of shares:

SI No.	Particulars	As At 31.03.2013		As At 31.03.2012	
		Number	Amount	Number	Amount
1	Equity Shares outstanding at the beginning of the year	7,038,000	70,380,000	7,038,000	70,380,000
2	Equity Shares Issued during the year	-	-	-	-
3	Equity Shares bought back during the year	-	-	-	-
4	Equity Shares outstanding at the end of the year	7,038,000	70,380,000	7,038,000	70,380,000

(b) Rights, preferences and restrictions attached to shares:

The company has one class of equity shares having a par value of ₹10/- each. Each shareholder is eligible for one vote per share held. The dividend proposed by the board of directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in the case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

(c) Details of shares held by Shareholders holding more than 5 % of the shares in the company:

SI No.	Particulars	As At 31.03.2013		As At 31.03.2012	
		No. of Shares Held	% of Holding	No. of Shares Held	% of Holding
	Equity Shares with Voting Rights				
1	V Atchyuta Rama Raju	2,028,524	28.82%	2,028,524	28.82%
2	V Rajam Raju	1,180,500	16.77%	1,180,500	16.77%
3	Gottimukkala Atchyuta Rama Raju	599,442	8.52%	599,442	8.52%

(d) Aggregate number and class of shares allotted as fully paid up for consideration other than cash, bonus shares and shares bought back for the period of 5 years immediately preceding the Balance Sheet date

SI No	Particulars	No. of shares	
		As At 31.03.2013	As At 31.03.2012
		Amount in ₹	Amount in ₹
		Nil	Nil

Note No : 2 Reserves & Surplus

Particulars	As At 31.03.2013 Amount in ₹	As At 31.03.2012 Amount in ₹
Profit and Loss Account		
As per last Balance Sheet	13,503,978	12,040,447
(+) Net Profit for the current year	2,297,018	2,281,504
(+) Transfer from Reserves	-	-
(-) Proposed Dividends	703,800	703,800
(-) Tax on Dividend	114,174	114,174
(-) Interim Dividends	-	-
Total	14,983,022	13,503,977

Note No : 3 Share Application money pending allotment - -

Note No : 4 Long Term Borrowings

Particulars	As At 31.03.2013 Amount in ₹	As At 31.03.2012 Amount in ₹
Secured		
Term Loans from Banks	-	-
Vehicle Loans from Banks *	-	55,198
Unsecured	-	-
	-	55,198

*Vehicles loans are secured by hypothecation of vehicles financed by respective banks. (For details Refer Note No 37)

Note No : 5 Other Longterm Liabilities

Particulars	As At 31.03.2013 Amount in ₹	As At 31.03.2012 Amount in ₹
Other Liabilities	-	-
	-	-

Note No : 6 Long Term Provisions

Particulars	As At 31.03.2013 Amount in ₹	As At 31.03.2012 Amount in ₹
Provisions - Others	-	-
	-	-

**Note No : 7 Short Term Borrowings**

Particulars	As At 31.03.2013 Amount in ₹	As At 31.03.2012 Amount in ₹
Secured		
Loans repayable on demand from Banks *	23,169,356	6,573,102
Loans repayable on demand from Others	-	-
Unsecured		
Loans from Related Parties **	-	5,521,756
Other Loans and Advances	-	-
	23,169,356	12,094,858

Working Capital loans are secured by hypothecation of Stocks & Charge over Receivables of the Company(For details Refer Note No. 37)

** Loans from Related Parties consists of
V.Atchyuta Rama Raju (Managing Director)

	-	5,521,756
--	---	-----------

The Company has borrowed from Mr V.Atchyuta Rama Raju on the following terms & Conditions.

Terms & Conditions	Particulars
Rate of Interest	Nil
Security	Unsecured
Terms of Repayment	Repayable on Demand

Note No : 8 Trade Payables

Particulars	As At 31.03.2013 Amount in ₹	As At 31.03.2012 Amount in ₹
Dues to Micro, Small and Medium Enterprises *	-	-
Dues to Others	36,880,104	5,310,071
	36,880,104	5,310,071

* The details of amounts outstanding to Micro, Small and Medium Enterprises based on available information with the company is as under:

Principal amount due and remaining unpaid	-	-
Interest due on above and the unpaid interest	-	-
Interest paid	-	-
Payment made beyond the appointed day during the year	-	-
Interest due and payable for the period of delay	-	-
Interest accrued and remaining unpaid	-	-
succeeding years	-	-

The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the company. This has been relied upon by the auditors.

**Note No : 9 Other Current Liabilities**

Particulars	As At 31.03.2013 Amount in ₹	As At 31.03.2012 Amount in ₹
<u>Current Maturities of Long Term Debt (Secured)</u>		
Termloans from Banks	-	-
Vehicle Loans from Banks *	55,198	659,585
Interest Accrued & Due on Borrowings **	219	3,132
Advances received from Customers	1,147,920	381,200
Other Payables***	5,164,343	4,156,636
	6,367,680	5,200,553

* Vehicles loans are secured by hypothecation of vehicles financed by respective banks. (For details Refer Note No . 37)

** Interest Accrued & Due on Borrowings consists of:		
On Working Capital Loans	-	-
On Vehicle Loans	219	3,132
*** Other Payables include		
Statutory Liabilities	1,966,452	1,251,845
Rent Creditors	328,403	144,208
Expenses Payable	2,869,488	2,760,583

Note No : 10 Short Term Provisions

Particulars	As At 31.03.2013 Amount in ₹	As At 31.03.2012 Amount in ₹
Provisions - Others:		
Provision for Taxes	1,155,790	1,145,240
Provision for proposed dividend	703,800	703,800
Provision for tax on proposed dividends	114,174	114,174
	1,973,764	1,963,214

Note No. : 11 Fixed Assets (Amount INR)

S. No.	Particulars	Gross Block									
		Balance As At 01.04.2012	Additions	Disposals	Acquisitions through business combinations	Reclassified as held for sale	Revaluation increase	Effect of foreign exchange differences	Borrowing cost capitalised	Other Adj.	" Balance As At 31.03.2013
		1	2	3	4	5	6	7	8	9	10 = 1+2-3+4-5 +6-7+8-9
A	Tangible assets :										
(a)	Computers & Software										
	Owned	13,226,432	1,061,430	-	-	-	-	-	-	-	14,287,862
	Taken under finance lease	-	-	-	-	-	-	-	-	-	-
	Given under operating lease	-	-	-	-	-	-	-	-	-	-
(b)	Furniture and Fixtures										
	Owned	2,732,977	-	-	-	-	-	-	-	-	2,732,977
	Taken under finance lease	-	-	-	-	-	-	-	-	-	-
	Given under operating lease	-	-	-	-	-	-	-	-	-	-
(c)	Air Conditioners										
	Owned	519,250	-	-	-	-	-	-	-	-	519,250
	Taken under finance lease	-	-	-	-	-	-	-	-	-	-
	Given under operating lease	-	-	-	-	-	-	-	-	-	-
(d)	Electrical Fittings										
	Owned	410,761	236,650	-	-	-	-	-	-	-	647,411
	Taken under finance lease	-	-	-	-	-	-	-	-	-	-
	Given under operating lease	-	-	-	-	-	-	-	-	-	-
(e)	Office Equipment										
	Owned	1,224,868	81,298	-	-	-	-	-	-	-	1,306,166
	Taken under finance lease	-	-	-	-	-	-	-	-	-	-
	Given under operating lease	-	-	-	-	-	-	-	-	-	-
(f)	Vehicles										
	Owned	5,749,173	-	-	-	-	-	-	-	-	5,749,173
	Taken under finance lease	-	-	-	-	-	-	-	-	-	-
	Given under operating lease	-	-	-	-	-	-	-	-	-	-
Total (A)		23,863,461	1,379,378								25,242,839
Previous Year		(23,145,954)	(751,306)	(33,800)							(23,863,460)
B	Intangible assets										
Total (B)		18,903,764	219,725								19,123,489
Previous Year		(48,665,119)	(9,534,866)			(39,296,221)					(18,903,764)
Grand Total (A + B)		42,767,225	1,599,103								44,366,328

Note No. : 11 Fixed Assets

(Amount INR)

S. No.	Particulars	Accumulated depreciation and impairment										Net Block	
		Balance As At 01.04.2012	Depreciation amortisation expense for the year	Eliminated on disposal of assets	Eliminated on reclassification as held for sale	Impairment losses recognised in Statement of Profit and loss	Reversal of impairment losses recognised in Statement of Profit and loss	other adjustments	Balance As At 31.03.2013	Balance As At 31.03.2013	Balance As At 31.03.2012	20=(1-11)	
		11	12	13	14	15	16	17	18 =sum(11-17)	19=(10-18)	20=(1-11)		
A	Tangible assets :												
(a)	Computers & Software												
	Owned	10,672,809	876,221	-	-	-	-	-	11,549,030	2,738,832	2,553,623		
	Taken under finance lease	-	-	-	-	-	-	-	-	-	-		
	Given under operating lease	-	-	-	-	-	-	-	-	-	-		
(b)	Furniture and Fixtures												
	Owned	1,439,883	130,977	-	-	-	-	-	1,570,860	1,162,117	1,293,094		
	Taken under finance lease	-	-	-	-	-	-	-	-	-	-		
	Given under operating lease	-	-	-	-	-	-	-	-	-	-		
(c)	Air Conditioners												
	Owned	167,430	33,581	-	-	-	-	-	201,011	318,239	351,820		
	Taken under finance lease	-	-	-	-	-	-	-	-	-	-		
	Given under operating lease	-	-	-	-	-	-	-	-	-	-		
(d)	Electrical Fittings												
	Owned	151,468	29,087	-	-	-	-	-	180,555	466,856	259,293		
	Taken under finance lease	-	-	-	-	-	-	-	-	-	-		
	Given under operating lease	-	-	-	-	-	-	-	-	-	-		
(e)	Office Equipment												
	Owned	564,838	61,027	-	-	-	-	-	625,865	680,301	660,030		
	Taken under finance lease	-	-	-	-	-	-	-	-	-	-		
	Given under operating lease	-	-	-	-	-	-	-	-	-	-		
(f)	Vehicles												
	Owned	2,707,166	420,994	-	-	-	-	-	3,128,160	2,621,013	3,042,007		
	Taken under finance lease	-	-	-	-	-	-	-	-	-	-		
	Given under operating lease	-	-	-	-	-	-	-	-	-	-		
	Total (A)	15,703,594	1,551,887	-	-	-	-	-	17,255,481	7,987,358	8,159,867		
	Previous Year	(13,939,285)	(1,778,107)	(13,800)	-	-	-	-	(15,703,592)	(8,159,870)	(9,206,669)		
B	Intangible assets												
	Owned	8,117,855	2,237,793	-	-	-	-	-	10,355,648	8,767,841	10,785,909		
	Taken under finance lease	-	-	-	-	-	-	-	-	-	-		
	Given under operating lease	-	-	-	-	-	-	-	-	-	-		
	Total (B)	8,117,855	2,237,793	-	-	-	-	-	10,355,648	8,767,841	10,785,909		
	Previous Year	(24,017,832)	(6,487,692)	-	(22,387,669)	-	-	-	(8,117,855)	(10,785,909)	(24,647,287)		
C	Capital Work in Progress												
	Owned	-	-	-	-	-	-	-	-	-	-		
	Given under operating lease	-	-	-	-	-	-	-	-	-	-		
	Grand Total (A + B + C)	23,821,448	3,789,680	-	-	-	-	-	27,611,128	16,755,200	18,945,776		



Note No : 12 Non Current Investments

Particulars	As At 31.03.2013 Amount in ₹	As At 31.03.2012 Amount in ₹
A. Trade Investments		
B. Other Investments		
Quoted		
Unquoted		
Investment Property		
Investment in equity instruments		
(i) of subsidiaries	-	-
(ii) of associates	-	-
(iii) of joint venture companies	-	-
(iv) of controlled special purpose entities	-	-
(v) of other entities	-	-
Winfarm Agro Industries Limited	5,380,000	5,380,000
Investment in preference shares		
(i) of subsidiaries	-	-
(ii) of associates	-	-
(iii) of joint venture companies	-	-
(iv) of controlled special purpose entities	-	-
(v) of other entities	-	-
Investment in government or trust securities	-	-
Investment in debentures or bonds	-	-
Investment in mutual funds (give details)	-	-
Investment in partnership firms	-	-
Grand Total	5,380,000	5,380,000

Unquoted Investments

Aggregate amount of Un-quoted Investments Rs.53,80,000/- (Previous Year Rs.53,80,000/-)

Note No : 13 Long Term Loans & Advances

Particulars	As At 31.03.2013 Amount in ₹	As At 31.03.2012 Amount in ₹
(a) Capital Advances		
Secured, considered good	-	-
Unsecured, considered good	-	-
Doubtful	-	-
(b) Security Deposits	-	-
(c) Loans & Advances to related parties	-	-
(d) Loans & Advances to Employees	-	-
(e) Prepaid Expenses	-	-
(f) Advance Income Tax (Unsecured, Considered good)	2,643,966	3,044,230
(g) MAT Credit Entitlement	-	-
(h) Balances with Government Authorities	-	-
(i) Other Loans & Advances	4,009,500	3,855,500
Secured, considered good	-	-
Unsecured, considered good	-	-
(j) Doubtful	-	-
	6,653,466	6,899,730
Less: Provision for other doubtful loans & advances	-	-
	6,653,466	6,899,730
Note: Long Term Loans & Advances include amounts due from		
Directors	-	-
Other Officers of company	-	-
Firms in which any director is a partner	-	-
Private companies in which any director is a director or member	-	-

Note No : 14 Other Non-Current Assets

Particulars	As At 31.03.2013 Amount in ₹	As At 31.03.2012 Amount in ₹
(a) Other Non-current Assets		
Fixed Deposits *	1,220,087	1,359,897
Electricity Deposits	95,897	95,897
Rent Deposit	2,854,160	3,334,660
Telephone Deposit	24,745	24,745
Sales Tax Appeal Deposit	66,387	66,387
Retention Money	3,840,834	2,320,061
Other Deposits**	4,300	4,300
	8,106,410	7,205,947
Other Deposits include**		
Internet Deposit	1,000	1,000
Gas Deposit	3,300	3,300

* Deposits include Rs. 7,21,872/- (Previous Year Rs.8,70,525/-) with SBI held as lien against Bank Guarantees issued by SBI on behalf of the company.

* Deposits include Rs.41,000/- (Previous Year Rs. 41,000) with SBI held as security deposit with Central Excise Department



Note No : 15 Inventories:

Particulars	As At 31.03.2013 Amount in ₹	As At 31.03.2012 Amount in ₹
(a) Raw materials		
Goods-in-transit	-	-
(b) Work-in-progress	-	-
Goods-in-transit	-	-
(c) Finished goods (other than those acquired for trading)	-	-
Goods-in-transit	-	-
(d) Stock-in-trade (acquired for trading) *	31,275,852	20,473,007
Goods-in-transit	-	-
(e) Stores and spares	-	-
Goods-in-transit	-	-
(f) Loose tools	-	-
Goods-in-transit	-	-
(g) Others (Specify nature)	-	-
Goods-in-transit	-	-
	31,275,852	20,473,007

* **Mode of valuation:**

Stock-in-trade : At cost

* It includes Self developed softwares of Rs.1,69,08,552/- (Previous Year Rs.1,69,08,552/-) regrouped from Fixed Assets to Current Assets as the company intends to sale.

Note No : 16 Trade Receivables

Particulars	As At 31.03.2013 Amount in ₹	As At 31.03.2012 Amount in ₹
Trade receivables outstanding for a period exceeding six months		
Secured, considered good	-	-
Unsecured, considered good	20,454,278	12,739,706
Doubtful	-	-
Trade receivables outstanding for a period less than six months		
Secured, considered good	-	-
Unsecured, considered good *	53,088,953	29,344,785
Doubtful	-	-
	73,543,231	42,084,491
Less: Provision for doubtful trade receivables	-	-
	73,543,231	42,084,491
Trade receivables include debts due from:		
Directors	-	-
Other officers of the Company	-	-
Firms in which any director is a partner (give details per firm)	-	-
Private companies in which any director is a director or member (give details per company)	-	-

* It includes Income accrued but not bills raised to the extent of ₹ 1,27,04,464/- (Previous Year ₹ 1,19,02,055/-)

Note No : 17 Cash and Bank Balances

Particulars	As At 31.03.2013 Amount in ₹	As At 31.03.2012 Amount in ₹
(a) Cash and Cash Equivalents		
(i) Balances with banks; In Current Accounts	234,071	179,426
(ii) Cheques, drafts on hand	3,656,263	-
(iii) Cash on hand *	64,162	146,908
(b) Other Bank balances In Deposit Accounts **	2,618,678	2,227,250
	6,573,174	2,553,584

* includes Singapore Dollars (SGD) NIL/- (Previous Year SGD 2,348)

** Deposits include Rs. 24,72,417/- (Previous Year Rs.2,27,250/-) with SBI held as lien against Bank Guarantees issued by SBI on behalf of the company.

Note No : 18 Short Term Loans & Advances

Particulars	As At 31.03.2013 Amount in ₹	As At 31.03.2012 Amount in ₹
(a) Loans & Advances to related parties	-	-
(b) Security deposits	232,950	93,012
(c) Loans and advances to employees		
Secured, considered good	2,740,570	3,148,640
Unsecured, considered good	-	-
Doubtful	-	-
(d) Prepaid expenses -Unsecured, considered good **	374,387	390,208
(e) Balances with government authorities		
Unsecured, considered good		
Advance Tax and TDS	1,631,185	527,450
Service Tax Input / Input VAT	46,368	43,930
(f) Inter-corporate deposits	-	-
(g) MAT Credit entitlement - Unsecured, considered good	-	-
(h) Other Loans & Advances ***		
Secured, considered good		
Unsecured, considered good	480,056	474,663
Doubtful	-	-
	5,505,516	4,677,903
Less: Provision for other doubtful loans and advances	-	-
	5,505,516	4,677,903

Note: Short Term Loans & Advances include amounts due from		
Directors	-	-
Other Officers of company	-	-
Firms in which any director is a partner	-	-
Private companies in which any director is a director or member	-	-
** "Prepaid Expenses" pertains to Insurance, Annual Maintenance Contracts.		
Other Loans & Advances includes ***		
Advances to Suppliers	471,585	449,427
Advance for Expenses	8,471	25,236

Note No : 19 Other Current Assets

Particulars	As At 31.03.2013 Amount in ₹	As At 31.03.2012 Amount in ₹
(a) Unbilled revenue	-	-
(b) Unamortised expenses	-	-
(c) Accruals	-	-
(d) Other Current Assets *	281,507	555,326
	281,507	555,326
* Other Current Assets include Interest Accrued But Not due on FDs	281,507	555,326



Note No. : 20 Revenue from operations

Particulars	As At 31.03.2013 Amount in ₹	As At 31.03.2012 Amount in ₹
Sale of products		
Domestic	163,839,781	95,570,528
Export	-	-
Other Operating Revenues	-	-
Service Income		
Domestic	18,479,972	11,740,234
Export	29,686,188	32,866,174
	212,005,941	140,176,936
Sales of traded goods under broad heads:		
Description	FY 2012-13	FY 2011-12
Computers & Peripherals	163,511,129	90,450,861
Metals & Minerals	328,652	5,119,667
Total	163,839,781	95,570,528
Services rendered under broad heads:		
Description	FY 2012-13	FY 2011-12
Annual Maintenance Contract Services	17,934,098	7,989,442
Consultancy Services	545,874	3,750,792
IT Engineering Services	29,686,188	32,866,174
Total	48,166,160	44,606,408

Note No. : 21 Other income

Particulars	As At 31.03.2013 Amount in ₹	As At 31.03.2012 Amount in ₹
Interest on Fixed Deposits	312,725	274,832
Other Income	-	11,706
	312,725	286,538

Note No : 22 Purchase of Stock -in- Trade

Particulars	As At 31.03.2013 Amount in ₹	As At 31.03.2012 Amount in ₹
Purchase of Material	170,671,810	100,712,666
Tranport Charges/Labour Charges	138,271	59,903
	170,810,081	100,772,569

Purchases of traded goods under broad heads:

Description	FY 2012-13	FY 2011-12
Computers & Peripherals	170,401,480	95,715,960
Metals & Minerals	270,330	4,996,706
Total	170,671,810	100,712,666

Note No : 23 Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	As At 31.03.2013 Amount in ₹	As At 31.03.2012 Amount in ₹
<u>Inventories at the end of the year:</u>		
Finished goods (acquired for trading)	31,275,852	20,473,007
Work-in-progress	-	-
Stock-in-trade	-	-
	31,275,852	20,473,007
<u>Inventories at the beginning of the year:</u>		
Finished goods (acquired for trading)	20,473,007	8,690,274
Work-in-progress	-	-
Stock-in-trade	-	-
	20,473,007	8,690,274
Net increase / (decrease)	10,802,845	11,782,733

Note No : 24 Employee benefit expenses

Particulars	As At 31.03.2013 Amount in ₹	As At 31.03.2012 Amount in ₹
Salaries and Wages	21,138,473	19,795,784
Directors Remuneration	3,780,000	2,580,000
Contribution to provident and other funds *	1,365,367	1,272,991
Staff Welfare Expenses	120,980	98,970
	26,404,820	23,747,745

* includes contribution to Employee provident fund, Employee State Insurance Scheme.

Note No : 25 Finance costs

Particulars	As At 31.03.2013 Amount in ₹	As At 31.03.2012 Amount in ₹
Interest Expense		
Interest	2,628,341	1,304,245
Interest on others *	57,802	4,812
Other Borrowing Costs:		
Loan Processing Charges	485,000	115,000
Other Finance Expenses		
Bank charges	361,155	272,616
	3,532,298	1,696,673

* includes Interest on TDS Payable & Payment to suppliers

Note No : 26 Other Expenses

Particulars	As At 31.03.2013 Amount in ₹	As At 31.03.2012 Amount in ₹
Advertisement	96,446	159,748
Audit Fee	100,000	100,000
Business Promotion Exp.	367,971	201,595
Commission	817,928	770,932
Communication Expenses	612,950	659,907
Conveyance	493,343	514,464
Power and Fuel	763,455	582,866
Fees and taxes	125,645	362,685
Forex Loss on Export Sale	205,930	40,769
Office & General Exp	831,162	673,053
Insurance	365,069	403,035
ISO charges	52,500	41,000
Legal and Professional exp.	4,516,337	3,818,852
Loss on Investment/Fixed Assets	-	100,624
Printing and stationery	151,366	256,361
Postage and Telegram	54,374	88,915
Rent	2,885,740	3,599,267
Repairs and Maintenance	1,735,518	843,177
STPI Service charges	55,000	109,750
Travelling Expenses	915,778	1,637,484
Vehicle Maintenance	113,927	130,448
	15,260,439	15,094,932

NOTES TO FINANCIAL STATEMENTS

27. SIGNIFICANT ACCOUNTING POLICIES:

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.

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 is 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.

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.

Expenditure

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

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. The estimated usage of software purchased is six years, therefore for amortization of the same, the rates prescribed for computers and peripherals under Straight Line Method in the manner prescribed in Schedule XIV to the Companies Act, 1956 has been adopted.

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. The market value of the Investments is not available as it is not a quoted share.

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.

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.

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 115 O 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.

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.

Note No : 28 Auditors Remuneration

Particulars	As At 31.03.2013 Amount in ₹	As At 31.03.2012 Amount in ₹
Payments to Auditors comprises:		
As Auditors - Statutory Audit	88,240	88,240
For taxation matters	22,060	22,060
For company law matters	-	-
For management services	-	-
For other services	-	-
Reimbursement of Expenses	-	-

Note No. : 29 Deferred Tax Liability (Net)

Particulars	As At 31.03.2013 Amount in ₹	As At 31.03.2012 Amount in ₹
On account of Depreciation and Amortisation	52,535	(321,615)

Deferred Tax provision represents, net of provisions for Hardware Sales & Service, Metals & Minerals and EOU (Software Development Services). Depreciation for EOU division for tax holiday period u/sec 10A is permanent nature, hence not considered for deferred tax provision.

Note No : 30 Related Party Disclosures

S.No.	Name of the Related Party	Nature of Relationship
1	V.A. Rama Raju	Key Managerial Personnel
2	V.Rajam Raju	Key Managerial Personnel
3	V.Parvathi	Relative of Director
4	D.Tanuja	Relative of Director
5	Reliance Tea Pvt Ltd	Associate

Transactions with Related Parties:

S. No	Nature of Transaction	FY 2012-13			FY 2011-12				
		KMP	Relative of Director	Associate	Total	KMP	Relative of Director	Associate	Total
1	Directors Remuneration / Salary	3,780,000	342,000	-	4,122,000	3,780,000	342,000	-	4,122,000
2	Rent	-	-	240,000	240,000	-	128,000	240,000	368,000
3	Consultrancy Charges	-	-	-	-	-	-	260,000	260,000

Balances with Related Parties As At 31.03.2013:

S. No	Nature of Transaction	FY 2012-13			FY 2011-12				
		KMP	Relative of Director	Associate	Total	KMP	Relative of Director	Associate	Total
1	Short Term Borrowings	-	-	-	-	-	5,521,756	-	5,521,756
2	Rent Deposit	-	-	2,000,000	2,000,000	-	48,000	2,000,000	2,048,000

Disclosure in respect of material transactions during the year:
(Amount in ₹)

SI No	Particulars	FY 2012-13	FY 2011-12
1	<u>Directors Remuneration / Salary</u>		
	V.A.Rama Raju	1,980,000	1,980,000
	V.Rajam Raju	1,800,000	1,800,000
	V.Parvathi	228,000	228,000
	V.Tanuja	114,000	114,000
2	<u>Rent</u>		
	Reliance Tea Pvt Ltd	240,000	240,000
	V.Parvathi	-	128,000
3	<u>Consultancy Charges</u>		
	Reliance Tea Pvt Ltd	-	260,000
4	<u>Short term Borrowings</u>		
	V.A.Rama Raju	-	5,521,756
5	<u>Rent Deposits</u>		
	V.Parvathi	-	48,000
	Reliance Tea Pvt Ltd	2,000,000	2,000,000

Note: Related Party relationships as given above is as identified by the Company and relied upon by the Auditors

Note No. 31 Segment Reporting

The Company has identified three reportable segments viz. Software Development Service, Hardware Sales & Services and Trading of Metals & Minerals. Segments have been identified and reported taking into account nature of products and services. The accounting policies adopted for segment reporting are in line with accounting policy of the company with following additional policies for segment reporting.

- Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable"
- Segment assets and Segment liabilities represent assets and liabilities in respective segments. Investments, tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocable".

Segment information for the year March 31, 2013, as per Accounting Standard 17 - "Segment Reporting" issued by the Institute of Chartered Accountants of India:

Particulars	Business Segment						Amount in ₹	
	Software Development Service		Hardware Sales & Service		Metals & Minerals		Consolidated Total	
	As At 31.03.2013	As At 31.03.2012	As At 31.03.2013	As At 31.03.2012	As At 31.03.2013	As At 31.03.2012	As At 31.03.2013	As At 31.03.2012
Revenue								
Exports								
External Sales	29,686,188	32,866,174	-	-	-	-	29,686,188	32,866,174
Inter Segment Sales	-	-	-	-	-	-	-	-
Domestic								
External Sales	-	-	181,991,101	102,191,095	328,652	5,119,667	182,319,753	107,310,762
Inter Segment Sales	-	-	-	-	-	-	-	-
Total Revenue	29,686,188	32,866,174	181,991,101	102,191,095	328,652	5,119,667	212,005,941	140,176,936
Results								
Segment result	7,900,777	7,790,382	(157,685)	1,094,012	(2,103,283)	(5,198,198)	5,639,809	3,686,196
Unallocated corporate expenses							-	-
Operating profit							5,639,809	3,686,196
Interest expense							(2,628,341)	(1,304,245)
Other income							312,725	286,538
Income taxes							(1,027,175)	(386,985)
Profit from ordinary activities							2,297,018	2,281,504
Extraordinary losses;							-	-
Profit for the Year							2,297,018	2,281,504
Assets:								
Segment assets	45,503,260	46,528,751	97,435,657	50,851,310	2,740,016	3,681,553	145,678,933	101,061,614
Unallocated corporate assets							8,395,423	7,714,153
Total assets							154,074,356	108,775,767
Liabilities:								
Segment liabilities	1,624,112	2,561,722	41,516,480	7,441,667	107,192	562,433	43,247,784	10,565,822
Unallocated corporate liabilities							110,826,573	98,209,945
Total liabilities							154,074,357	108,775,767
Other Information:								
Capital Expenditure	1,353,670	5,644,410	245,433	190,347	-	56,700	1,599,103	5,891,457
Depreciation	3,104,315	7,516,125	677,331	742,557	8,034	7,117	3,789,680	8,265,799
Non Cash Expenditure other than Depreciation (Allocable)	-	11,000	-	-	-	-	-	11,000
"Non Cash Expenditure other than Depreciation (Unallocable)"							-	89,624

Geographic Segment:

The Company operates solely in one Geographic Segment namely "Within India" and hence no separate information for Geographic segment wise disclosure is required



Note No. : 32 Earnings Per Share

Particulars	As At 31.03.2013 Amount in ₹	As At 31.03.2012 Amount in ₹
Net Profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders (INR)	2,297,018	2,281,504
No of Equity shares	7,038,000	7,038,000
Basic and Diluted Earnings per share (INR)	0.33	0.31
Face value per share (INR)	10.00	10.00
The Calculation of Earnings Per Share (EPS) as disclosed in the Profit and Loss Account has been made in accordance with Accounting Standard (AS - 20) on Earnings Per Share issued by the Institute of Chartered Accountants of India.		

Note No. : 33 Earnings in foreign currency

Particulars	As At 31.03.2013 Amount in ₹	As At 31.03.2012 Amount in ₹
From Engineering Services	29,144,348	32,264,105
From Software Development	-	602,069
Total Earnings from Foreign Currency	29,144,348	32,866,174

Note No. : 34 Expenditure in foreign currency

Particulars	As At 31.03.2013 Amount in ₹	As At 31.03.2012 Amount in ₹
For Foreign Travel	127,214	730,052
for Commission on Sales	912,266	770,932
Purchase Import	19,487,325	-
Bank Charges	84,643	-
	20,611,448	1,500,984

Note No. : 35 Tax Expense

Particulars	As At 31.03.2013 Amount in ₹	As At 31.03.2012 Amount in ₹
The Tax Expenses for the year comprises of;		
Income Tax	974,640	708,600
Current Year	974,640	708,600
Less : MAT Credit	-	-
Deferred Tax	52,535	(321,615)

**Note No. : 36 Obligations towards operating leases**

The company has entered into operating lease arrangements for its premises at various locations.

Particulars	As At 31.03.2013 Amount in ₹	As At 31.03.2012 Amount in ₹
Future minimum lease payments not later than one year	2,190,806	3,053,075
later than one year and not later than five years	1,346,476	3,294,095
later than five years	-	-

The future minimum lease rental obligation under non-cancellable operating leases in respect of these assets is on account of lock-in period and notice period in some of the lease agreements entered by the company for operating of offices:

On account of Lock-in Period	110,463	1,394,725
On account of Notice Period	525,200	421,700
Lease payments recognized in the Statement of Profit and Loss (net)	2,885,740	3,599,267
Sublease payments received / receivable recognized in the Statement of Profit and Loss	-	-

Note No. : 37 Working Capital Loan / Vehicle Loans:**Working Capital Loan from State Bank of India:****Cash Credit and Bank Guarantee Limits:****Rate of Interest:**

Cash Credit from SBI: Interest at the rate of 3% margin above the base rate which is presently 10% P.A. Present effective rate 13% P.A.

Primary Security:

Hypothecation of Stocks and Charge over Receivables of the Company.

Collateral Security:**Immovable Property**

- 1) EM of Flat No. 401, 04th Floor, Plot No. 14 & 16, Survey No's 93, 94 & 95 at Madhura Nagar, Yousuf guda, Hyderabad belonging to Sri. V. Atchyuta Rama Raju. (extent of 1450 Sq. Ft.)
- 2) EM of Flat No. 619, 06th Floor, Maker Chambers, Nariman Point, Mumbai belonging to Reliance Tea Private Limited

Third Party Guarantee:

- "1. Personal guarantees of Sri V.Atchyuta Rama Raju, Smt. V.Parvathi, Sri V.Rajam Raju
2. Corporate Guarantee of M/s Reliance Tea Private Limited"

Terms of Repayment:

Working Capital Loans repayable on demand.

Vehicle Loans from Banks: (in Note 4, 7 & 9)**ICICI Bank Car Loan-Honda Accord****Rate of Interest:**

ICICI Bank Car Loan-Honda Accord: @ 9.24% per annum

Terms of Repayment:

This Loan is repayable in 36 monthly installments of Rs.56,784/- each commencing from June, 2010

Security:

Vehicles loans are secured by hypothecation of vehicles financed by respective banks.

Note No. : 38 Contingent Liabilities

(a) Company received demand notice from Commercial Tax Department (Sales Tax) for the Financial Year 2007-08 for Rs. 5,31,097/-, 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. Appellate Deputy Commissioner (CT) has passed Assessment Order, on 12.06.2012, by stating Sale of Rs.2,78,691/- is subjected to VAT @ 4%. It amounts to Rs.11,148/- and has been provided in Books of Account in Financial Year 2012-13.

(b) The liability towards bank guarantees of Rs.51,05,788/- issued to various parities by the company in the course of ordinary business is fully covered against fixed deposits with the banks which are held by the bankers as the security

39 Note: Capital Commitments

There are no capital commitments identified by the management for the current financial year. There are no contracts remaining to be executed on capital account and not provided for, during the current financial year.

40 In the opinion of the Board, current assets, loans and advances are stated at a value, which could be realized in the ordinary course of business. The provision for all known liabilities made is adequate and not in excess of the amount reasonably necessary.

41 Some of the balances in Sundry Debtors, Sundry Creditors, Advances and Deposits are subject to confirmation, reconciliations and adjustments if any, which in the opinion of the management will not be significant.

42 These financial statements have been prepared in the format prescribed by the Revised Schedule VI to the Companies Act, 1956. Previous period figures have been recasted / restated to confirm to the classification of the current period.

43 The figures of the previous year are re-grouped / re-classified wherever necessary to make them comparable with that of the current year.

As per my audit report of even date**For G.V &Co.,**

Chartered Accountants

Sd/-

Grandhi Vittal

Proprietor

Membership No. 206462

Firm Regn No. 012875S

Sd/-

V. A. Rama Raju

Chairman & Managing Director

Sd/-

V. Rajam Raju

Executive Director

Sd/-

Shilpa Kotagiri

Company Secretary

Place : Hyderabad

Date : 30.05.2013

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VAMA INDUSTRIES LIMITED

Ground Floor, 8-3-191/147/24, Plot No. B-12, Madhura Nagar, S.R. Nagar[Post], Hyderabad 500 038

ATTENDENCE 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 28th Annual General Meeting of the members of the Company held on Saturday, 28th day of September, 2013 at 10.00 A.M at Hotel Inner Circle, Raj Bhavan Road, Somajiguda, Hyderabad - 500082

.....
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

Ground Floor, 8-3-191/147/24, Plot No. B-12, Madhura Nagar, S.R. Nagar[Post], Hyderabad 500 038

PROXY FORM

Regd. Folio No. :

No. of Shares Held:

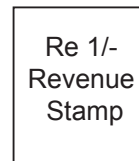
Client ID No. :

DP ID No. :

I/We.....being a member/members of Vama Industries Limited hereby appoint..... in the District ofas my/our proxy to attend and vote for me/us and on my/our behalf at the 28th Annual General Meeting of the Company to be held on Saturday, 28th day of September, 2013 at 10.00 A.M at Hotel Inner Circle, Raj Bhavan Road, Somajiguda, Hyderabad - 500082 and at any adjournment thereof :

Singed this Day of 2013
(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.

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If undelivered please return to:

VAMA INDUSTRIES LIMITED

Ground Floor, 8-3-191/147/24,
Plot No. B-12, Madhura Nagar,
S.R. Nagar (Post), Hyderabad 500 038



ISO 9001:2008
Certified Company

VAMA INDUSTRIES LIMITED

Regd. Office : Ground Floor, 8-3-191/147/24, Plot No. B-12, Madhura Nagar, S.R. Nagar [Post], Hyderabad - 500 038, A.P., INDIA
Ph. : +91-40-6661 9919, 6661 5534 Fax : +91-40-2370 8672

Corporate Office : Greendale, 2nd Floor, 7-1-24/2/D, Beside Green Park Hotel, Ameerpet, Hyderabad - 500 016, A.P., INDIA
Ph. : +91-40-6684 5534, 2373 3810 Fax : +91-40-2373 3810 Corporate : www.vamaind.com E-mail : services@vamaind.com



FORM A

COVERING LETTER OF THE ANNUAL AUDIT REPORT TO BE FILED WITH THE STOCK EXCHANGES

1.	Name of the Company	VAMA INDUSTRIES LIMITED
2.	Annual financial statements for the year ended	31 st March ,2013
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not Applicable
5.	To be signed by – . CEO/Managing Director V. A RAMA RAJU . CFO . Auditor of the company GRANDHI VITTAL . Audit Committee Chairman	<i>V. Atchuta K R,</i> <i>[Signature]</i> <i>V. Ramakrishna Rao</i>

V. RAMAKRISHNA RAO