



**25<sup>th</sup> ANNUAL GENERAL MEETING**  
Thursday, September 30, 2010 at 11.00 A.M  
at #201, Sri Sai Darsan Residency,  
7-1-408 to 413, Balkampet Road,  
Ameerpet, Hyderabad – 500 016  
Andhra Pradesh  
INDIA

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**Vama Asia Pte. Ltd.**

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**COMPANY INFORMATION**

**Board of Directors**

**V A Rama Raju**

Chairman & Managing Director

**V Rajam Raju**

Executive Director

**V Rama Krishna Rao**

Independent Director

**R Venkateswara Rao**

Independent Director

**K Vara Prasad Raju**

Independent Director

**Pushpa Katkuri**

Company Secretary

**STATUTORY AUDITOR**

Grandhi Vittal

Chartered Accountant

**INTERNAL AUDITOR**

M/s. B.M. Kumar & Associates

**BANKERS**

State Bank of India

ICICI Bank Ltd

HDFC Bank

**REGISTERED OFFICE**

# 201, Sri Sai Darsan Residency

7-1-408 to 413, Balkampet Road

Ameerpet, Hyderabad – 500 016, A.P., India

Tel: +91-40- 66615534 / 66619919

Fax: +91-40-23708672

Website: www.vamaind.com

**CORPORATE OFFICE**

7-1-24/2/D, Greendale

Beside Green Park Hotel,

Ameerpet, Hyderabad – 500 016, A.P., India.

Tel: +91-40- 66845534

Fax: +91-40-23733810

**ADMINISTRATIVE OFFICE**

Shiv-Mohini, Plot No. 23, Sector 2,

RSC-8, Charkop, Kandivali (West)

MUMBAI- 400 067

**REGISTRARS & SHARE TRANSFER AGENTS**

M/s Bigshare Services Private Limited

G-10, Left Wing, Amrutha Ville,

Somajiguda, Rajbhavan Road,

Hyderabad – 500 082

**LISTED AT**

Bombay Stock Exchange Limited, Mumbai



**NOTICE**

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

**ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2010 and the Profit and Loss account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare Dividend on equity shares.
3. To appoint a Director in place of Mr. V. Rama Krishna Rao, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. K. Vara Prasad Raju, who retires by rotation and being eligible, offers himself for reappointment.
5. ***To consider and if thought fit, to pass with or without modification, the following resolution as ORDINARY RESOLUTION:***

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

**Special Business:**

6. **Revision in Remuneration of Chairman and Managing Director:**

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

**“RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309, 310, 311 and all other applicable provisions, if any, contained under the Companies Act, 1956, read with the applicable provisions of Schedule XIII of the said Act and in partial modification to the resolution passed earlier in this regard, consent of the members be and is hereby accorded for the upward revision in the remuneration payable to Mr. V. A. Rama Raju, the Chairman and Managing Director of the Company from Rs.1,25,000/- Per Month to Rs.1,65,000/- Per Month with effect from 1st April, 2010, other terms and conditions remaining unchanged, as approved by the Remuneration Committee and the Board of Directors.

**FURTHER RESOLVED THAT** in the event of insufficient profits during any particular period the aforesaid remuneration shall be the minimum remuneration payable to Mr. V. A. Rama Raju, pursuant to Section II of Part II of Schedule XIII of the Companies Act 1956.

**FURTHER RESOLVED THAT** the Board of Directors of the Company be and is hereby authorised to do all such acts and deeds and execute all such documents and instruments as may be required to give effect to the aforesaid resolution.”

**7. Revision in Remuneration of Executive Director :**

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

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 310, 311 and all other applicable provisions, if any, contained under the Companies Act, 1956, read with the applicable provisions of Schedule XIII of the said Act and in partial modification to the resolution passed earlier in this regard, consent of the members be and is hereby accorded for the upward revision in the remuneration payable to Mr. V. Rajam Raju, the Executive Director of the Company from Rs. 1,25,000/- Per Month to Rs.1,50,000/- Per Month with effect from 1st April, 2010, other terms and conditions remaining unchanged, as approved by the Remuneration Committee and the Board of Directors.

FURTHER RESOLVED THAT in the event of insufficient profits during any particular period the aforesaid remuneration shall be the minimum remuneration payable to Mr. V. Rajam Raju, pursuant to Section II of Part II of Schedule XIII of the Companies Act 1956.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to do all such acts and deeds and execute all such documents and instruments as may be required to give effect to the aforesaid resolution."

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

Sd/-  
**Pushpa Katkuri**  
Company Secretary

Place: Hyderabad  
Date: 25.08.2010



**NOTES:**

- (i) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN THE MEETING. AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
- (ii) Members/proxies should bring duly-filled Attendance Slips sent herewith to attend the meeting.
- (iii) The Register of Members and Share Transfers Books will remain closed from September 27, 2010 to September 30, 2010 (both days inclusive).
- (iv) The Statutory Registers (Register under Section 301 and Section 307 of the Companies Act, 1956) will be made available at the venue of the meeting.
- (v) Members are requested to quote their Registered Folio No or Demat Account No and Depository Participant Identification Number (DPID No) on all correspondence with the company.
- (vi) Dividend, if declared, at the Annual General Meeting, shall be paid by way of Demand Drafts / ECS to those members, whose names appear in the Register of Members on close of business hours on September 26, 2010. In respect of shares held in electronic form, the dividend shall be paid on the basis of beneficial ownership as per the details to be furnished for this purpose by NSDL / CDSL.
- (vii) Members whose shareholding is in the electronic mode are requested to direct change of address notifications and updation of bank account details to their respective Depository participants.
- (viii) Members are requested to address all communication relating to shares to the Company's Registrar and Share Transfer Agents, Bigshare Services Private Limited, G-10, Left Wing, Amrutha Ville, Somajiguda, Rajbhavan Road, Hyderabad – 500 082, India.
- (ix) An Explanatory Statement pursuant to provisions of Section 173(2) of the Companies Act, 1956, is annexed hereto. The information pursuant to Clause 49 of the Listing Agreement with respect to the details of Directors seeking appointment/ re-appointment in this Annual General Meeting as given under the head "Additional Information" is hereunder.



**EXPLANATORY STATEMENT**

(pursuant to Section 173 of the Companies Act, 1956)

**Item No. 6**

In order to reward the efforts made by Mr. V.A.Rama Raju, Chairman & Managing Director of the Company and in view of the industry trends vis-à-vis the managerial Remuneration, the Board, as per the recommendations of the Remuneration committee of the Company resolved to enhance the remuneration payable to Mr. V. A. Rama Raju, the Chairman and Managing Director of your Company from Rs. 1,25,000/- Per Month to Rs.1,65,000/- Per Month.

As per the provisions of Section 198, 269, 310 and 311 read with Schedule XIII of the said Act, any such change in the terms and conditions of the managerial personnel need to be approved by the members in their General Meeting.

Hence the resolution is commended for your approval.

None of the Directors, except, Mr. V. A. Rama Raju, the Chairman and Managing Director of the Company and Mr.V. Rajam Raju, the Executive Director of the Company is interested in the said resolution.

**Item No. 7**

In order to reward the efforts made by Mr. V.Rajam Raju, Executive Director of the Company and in view of the industry trends vis-à-vis the managerial remuneration, the Board as per the recommendation of the Remuneration Committee of the Company, resolved to enhance the remuneration payable to Mr.V. Rajam Raju, the Executive Director of your Company from Rs.1,25,000/- Per Month to Rs.1,50,000 Per Month.

As per the provisions of Section 198, 269, 310 and 311 read with Schedule XIII of the said Act, any such change in the terms and conditions of the managerial personnel need to be approved by the members in their General Meeting.

Hence the resolution is commended for your approval.

None of the Directors, except, Mr.V. Rajam Raju, the Executive Director of the Company and Mr. V. A. Rama Raju, the Chairman and Managing Director of the Company is interested in the said resolution.

**Additional Information**

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

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

By Order of the Board of Directors

Sd/-

**Pushpa Katkuri**  
Company Secretary

Place : Hyderabad  
Date : 25.08.2010

**DIRECTORS' REPORT**

Dear Members,

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

**FINANCIAL HIGHLIGHTS**

(Rs. in lakhs)

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

**BUSINESS PERFORMANCE**

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

**DIVIDEND**

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





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**SUBSIDIARY**

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

Statement pursuant to Section 212 of the Companies Act, 1956, along with balance sheet and profit and loss account of our subsidiary are attached to the annual report.

**DIRECTORS**

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

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

Pursuant to the provisions of Clause 49 of the Listing Agreement, brief particulars of the retiring directors who are proposed to be re-appointed are provided elsewhere in the Annual Report.

**DIRECTOR'S RESPONSIBILITY STATEMENT**

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

- a. the applicable accounting standards have been followed in the preparation of the annual accounts for the financial year 2009-10;
- b. the accounting policies selected were applied consistently and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of 31st March 2010 and of the Profit of the Company for the year ended on that date;
- c. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the annual accounts have been prepared on a going concern basis.

**AUDITORS**

The statutory auditor Mr. Grandhi Vittal, Chartered Accountant retires at this Annual General Meeting and being eligible offer himself for reappointment. Your directors recommend his reappointment for the financial year 2010-11.

The Company has received a Certificate from the Auditor confirming that his re-appointment, if made, would be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956.

**QUALITY****ISO 9001:2008 Implementation**

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

**FIXED DEPOSITS**

Your Company has neither accepted nor renewed any deposits falling within the provisions of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975 from the public during the financial year.

**LISTING & TRADING**

The equity shares of the Company are listed on the Bombay Stock Exchange Limited, Mumbai. The Company has paid the listing fee for the financial year 2010-11. You may further note that the listing / trading was not suspended at any time during the Financial Year 2009-10.

**PARTICULARS OF EMPLOYEES**

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

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

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

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

**MANAGEMENT DISCUSSION & ANALYSIS**

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

**CORPORATE GOVERNANCE**

A report on Corporate Governance along with Auditors' certificate on compliance with the conditions of Corporate Governance as stipulated in clause 49 of the listing agreement, is annexed herewith as Annexure – C.

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

**ACKNOWLEDGEMENTS**

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

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



Technology Parks of India, Departments of Customs and Central Excise, MCA, SEBI, Stock Exchanges, and other governmental agencies for extending their support during the year and look forward to their continued support.

For and on behalf of the Board

Sd/-

**V A Rama Raju**

Chairman & Managing Director

Place: Hyderabad

Date: 25.08.2010

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

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

**A) CONSERVATION OF ENERGY**

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

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

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

**RESEARCH AND DEVELOPMENT**

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

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

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

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

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

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

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

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

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

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

For and on behalf of the Board

Sd/-

**V A Rama Raju**

Chairman &amp; Managing Director

Place: Hyderabad

Date: 25.08.2010

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

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

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

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

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

**B. OPPORTUNITIES, THREATS**

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

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

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

**C. RISKS AND CONCERNS**

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

**D. OUTLOOK**

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

**E. SEGMENT-WISE PERFORMANCE**

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

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

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

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

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

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

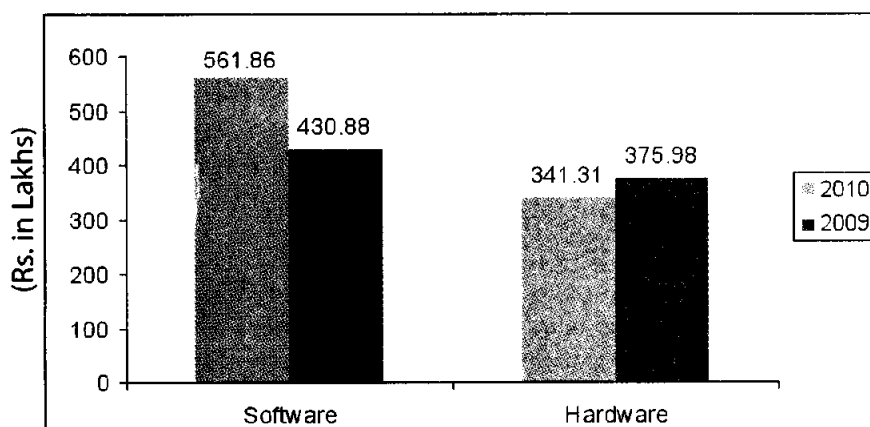
The Internal Audit process is designed to review the adequacy of internal control checks in the system and covers all significant areas of the Company's operations. The Company has an Audit Committee, the details of which have been provided in the Corporate Governance Report. The Audit Committee reviews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

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

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

(Rs. in lakhs)

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

**Segment wise performance**

**Profitability**

(Rs. in lakhs)

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

**H. HUMAN RESOURCES**

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

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



## 1. COMPANY'S PHILOSOPHY

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

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

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

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

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

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

## 2. BOARD OF DIRECTORS

### (a) Size and composition of Board

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

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

### b) Board Meetings

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

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

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

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

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

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

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

### **3. AUDIT COMMITTEE**

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

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

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

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

All the members were present in each of such meeting.

Company Secretary is the Secretary to the Committee.

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

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

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

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

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

**4. REMUNERATION COMMITTEE**

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

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

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

**Remuneration policy**

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

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

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

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

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

**b) Non-executive directors:**

Remuneration to Non – Executive Directors: Nil

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

**5. SHAREHOLDERS / INVESTOR GRIEVANCE COMMITTEE**

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

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

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

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

Company Secretary is the Compliance Officer.

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

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

**6. GENEREAL BODY MEETINGS**

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

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

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

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

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

**(iii) Postal Ballot**

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

*Summary of Postal Ballot Process:*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**8. MEANS OF COMMUNICATION**

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

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

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

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

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

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

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

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

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

**vii. Market price data**

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

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





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

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

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

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

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

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

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

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