

# FORM A

Format of covering letter of the annual audit report to be filed with the Stock Exchange

1.	Name of the company	Vama Industries Limited
2.	Annual financial statements for the year ended	31 <sup>st</sup> March 2014
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	NOT APPLICABLE

*V A Rama Raju*  
**V A Rama Raju**  
 Managing Director



*G. Siva*  
**G. SIVA**  
 Chief Financial Officer



For G.V & Co.  
 Chartered Accountants

**Grandhi Vittal**  
 Proprietor  
 M. No.206462  
 F.No.0128755



*V. Ramakrishna Rao*  
**V. Ramakrishna Rao**  
 Chairman, Audit Committee



Place: Hyderabad  
 Date : 01.09.2014

**29th  
Annual Report  
2013 - 14**

**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, 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 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, 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 : <a href="http://www.vamaind.com">www.vamaind.com</a> email Id : <a href="mailto:investorservices@vama.co.in">investorservices@vama.co.in</a>	
Secretarial Consultants		29 <sup>th</sup> 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 : 25th September, 2014 at 10.00 A.M. Day : Thursday Venue: Hotel Innner Circle, Raj Bhavan Road, Somajiguda, Hyderabad -500 082	
Cut off Date & Time for lodging Proxies		Dates of Book Closure	
Date: 23th September, 2014 [Tuesday] Time: 10.00 A.M. At the Registered office of the Company		From: 13th September, 2014 [Saturday] To:25th September, 2014 [Thurday] (Both days incusive)	
Committees of the Board			
Audit Committee	V. Ramakrishna Rao (Chairman)	R. Venkateswara Rao (Member)	K. Vara Prasad Raju (Member)
Nomination & Remuneration Committee	R. Venkateswara Rao (Chairman)	V. Ramakrishna Rao (Member)	K. Vara Prasad Raju (Member)
Stakeholders Relationship Committee	R. Venkateswara Rao (Chairman)	V. Ramakrishna Rao (Member)	V. A. Rama Raju (Member)

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# Message from the Chairman



## Dear Fellow Shareholders, Greetings!

Recent years have been very eventful both in India and across the world. The rapid unexpected economic and social changes are shaping the future differently from what many in the world had taken for granted. This is particularly true for India which was expected to be one of the key growth engines for the global economy. The fact that growth in India slowed down is disappointing but we believe that this is temporary. India has the potential to spring back.

Going ahead, we are optimistic about 2015. While the global economic growth might be affected by challenges, we are confident of our growth outlook. We believe that with the improvement in the global economy, the global IT spending will also improve, as companies across the world will continue to invest in IT to boost productivity, increase span, stay agile and tap emerging technologies. We will continue to seek organic as well as inorganic growth opportunities that will continue to come our way in line with our strategic plan. In order to enhance our value proposition across key technology areas and position ourselves to take advantage of the opportunities, we intend to make strategic investments.

In this year 2013-14, which is weighed down with disturbances in the State, sharp currency fluctuations, overall inflationary scenario, global downturn and recovery, the company's profit has fallen to an extent. However, your Company could manage to sustain itself in such scenario during the year.

Your Directors are dedicated and committed towards enhancing the value of your Company and bearing the same in mind the company is now marching towards the expansion of its business with an aim to elevate it 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 in turn enables us to drive strong profitable growth and create further value to 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 delivery 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 DPs at the earliest possible.

On behalf of the Company and its management team, I want to thank all the shareholders for their co-operation and commitment. I look forward to your continued support, as your Company embarks on the next phase of its growth journey

With Best Wishes

Sd/-

**V. A. Rama Raju**

Chairman and Managing Director

13th August, 2014  
Hyderabad.



# Notice

## 29th Annual General Meeting



Notice is hereby given that the Twenty Ninth (29th) Annual General Meeting [AGM] of the members of VAMA Industries Limited will be held on Thursday, 25th day of September, 2014 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, 2014, Statement of Profit and Loss, Cash Flow Statement for the year ended on that date along with the Notes thereto and 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 March 31, 2014.

#### Item 3: Reappointment of Director

To appoint a Director in place of Mr. V. Rajam Raju, (DIN : 01314420) who retires by rotation and being eligible offers himself for reappointment.

#### Item 4: Appointment of Auditors

To appoint Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.

“RESOLVED THAT pursuant to the provisions of Sections 139, 141 and 142 of the Companies Act, 2013, M/s. GV & Co, Chartered Accountants, (Registration No. 012875S), Hyderabad, be and are hereby appointed as the Statutory Auditors of the Company to hold the office from the conclusion of this Annual General Meeting for a period of 3 years (i.e., till the conclusion of 32nd Annual General Meeting), subject to ratification by the members at every Annual General Meeting, on such remuneration as may be agreed upon by the Board of Directors and the Auditors, in addition to reimbursement of all the out of pocket expenses incurred in connection therewith.”

### SPECIAL BUSINESS:

#### ITEM 5: To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act,

2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Companies (Appointment and Qualification of Directors) Rules, 2014, Mr. V. RAMAKRISHNA RAO (DIN: 00825576), Independent Director of the Company who under the provisions of the Companies Act, 1956 was liable to retire by rotation and in respect of whom the Company has received a notice in writing from a member along with deposit of the requisite amount pursuant to Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director be and is hereby appointed as an Independent Director of the Company to hold the office as such for 5 (five ) consecutive years with effect from 25th September, 2014.”

#### ITEM 6: To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Companies (Appointment and Qualification of Directors) Rules, 2014, Mr. K. VARA PRASAD RAJU (DIN: 01607711), Independent Director of the Company who under the provisions of the Companies Act, 1956 was liable to retire by rotation and in respect of whom the Company has received a notice in writing from a member along with deposit of the requisite amount pursuant to Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director be and is hereby appointed as an Independent Director of the Company to hold the office as such for 5 (five ) consecutive years with effect from 25th September, 2014.”

#### ITEM 7: To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Companies (Appointment and Qualification of Directors) Rules, 2014, Mr. R. VENKATESWARA RAO (DIN: 00825513), Independent Director of the Company who under the provisions of the Companies Act, 1956 was liable to retire by rotation and in respect of whom the Company has received a notice in writing from a member along with deposit of the requisite amount pursuant to Section 160 of

the Companies Act, 2013 proposing his candidature for the office of Director be and is hereby appointed as an Independent Director of the Company to hold the office as such for 5 (five ) consecutive years with effect from 25th September, 2014.”

#### Item No.8

#### INCREASE IN THE AUTHORISED SHARE CAPITAL

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 Sections 13, 61 and all other applicable provisions, if any, contained under the Companies Act, 2013, read with Rules thereunder, the Authorised Share Capital of the Company be and is hereby increased from Rs.8,00,00,000/- (Rupees Eight Crores Only) divided into 80,00,000 (Eighty Lacs Only) Equity Shares of Rs.10/- (Rupees Ten Only) each to Rs.9,00,00,000/- (Rupees Nine Crores Only) divided into 90,00,000 (Ninety Lacs Only) Equity Shares of Rs.10/- (Rupees Ten Only) each.”

**“FURTHER RESOLVED THAT** pursuant to the provisions of Section 13, 61 and all other applicable provisions, if any, contained under the Companies Act, 2013, Clause V of the Memorandum of Association of the Company be and is hereby amended and replaced by the following Clause hereunder:

#### Clause V

The Authorized Share Capital of the Company is Rs.9,00,00,000/- (Rupees Nine Crores Only) divided into 90,00,000 (Ninety Lacs Only) Equity Shares of Rs.10/- (Rupees Ten Only) each with power to increase and reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential rights, privileges, or conditions as may be determined by or in accordance with the Regulations of the Company for the time being and to vary, modify or abrogate any such rights, privileges or conditions in such manner as permitted by the Companies Act or Rules thereunder.

**“FURTHER RESOLVED THAT** the Board of Directors / Director of the Company be and are hereby authorised severally to do all such acts and deeds as may be deemed expedient and necessary to give effect to this resolution.”

#### ITEM No. 9

#### Preferential Issue of Equity Shares

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

**“RESOLVED THAT** pursuant to the provisions of Section 62 and other applicable provisions, if any, of the **Companies Act, 2013**, as amended (the “Companies Act, 2013”) and the rules made thereunder, to the extent notified and in effect, the applicable provisions, if any, of the Companies Act, 1956, as amended (without reference to the provisions thereof that have ceased to have effect upon notification of sections of the Companies Act, 2013), the Memorandum of Association and Articles of Association of Vama Industries Limited (the “**Company**”), the Foreign Exchange Management Act, 1999, as amended, the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended, and the rules, regulations, guidelines, notifications and circulars, if any, issued by the Government of India, the Foreign Investment Promotion Board, the Reserve Bank of India, the Securities and Exchange Board of India [(including the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the “**SEBI ICDR Regulations**”) and the Securities and Exchange Board of India (Substantial Acquisitions of Shares and Takeovers) Regulations, 2011, as amended (the “**Takeover Regulations**”)] or any other competent authority, whether in India or abroad, from time to time, to the extent applicable including the enabling provisions of the listing agreements entered into with the stock exchanges on which the Company’s equity shares are listed (the “**Stock Exchanges**”), and subject to the permissions, consents, sanctions and approval by any authority, as may be necessary, and subject to such conditions and modifications as might be prescribed while granting such approvals, consents, permissions and sanctions and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “**Board**”), the consent of the Company be and is hereby accorded to the Board to create, issue, offer, and allot, upto 12,00,000 equity shares of face value of Rs. 10/- each (the “**Equity Shares**”) for cash at an issue price of Rs.12.00 (including a premium of Rs.2.00 per equity share), aggregating upto Rs.1,44,00,000/-, to the following persons, (hereinafter referred to as the “**proposed Investors**”) on a preferential basis (the “**Preferential Issue**”), at such time or times, in one or more tranches and on such terms and conditions and in such manner, as the Board may think fit in its absolute discretion as detailed hereunder:

Sl. No.	Name	Maximum Number of Shares proposed to be issued & allotted	Rate per share Amt in Rs.	Aggregate Amount
1	2	3	4	5 (3*4)
1.	NIRANT TECHNOLOGIES PRIVATE LIMITED	5,00,000	12.00	60,00,000
2.	SAINAREN PROPERTIES PRIVATE LIMITED	4,00,000	12.00	48,00,000
3.	MURTY VENKATA SATYANARAYANA VALIVETI	1,50,000	12.00	18,00,000
4.	SUBBA RAO VITAKULA	1,50,000	12.00	18,00,000

**RESOLVED FURTHER THAT** the “relevant date” for the purpose of determining the issue price under SEBI Regulations for the said Preferential Issue shall be 26th August, 2014.

**RESOLVED FURTHER THAT** the Equity Shares shall be issued and allotted by the Company to the proposed Investors within a period of 15 days from the date of passing of this resolution, provided that where the allotment of the said Equity Shares is pending on account of pendency of any approval for such allotment by any regulatory authority or the Central Government, the allotment shall be completed within a period of 15 days from the date of such approval.

**RESOLVED FURTHER THAT** the Equity Shares to be offered, issued and allotted through the Preferential Issue shall rank pari passu with the existing Equity Shares of the Company in all respects, including dividend and shall be subject to the provisions of the Memorandum of Association and the Articles of Association of the Company

**RESOLVED FURTHER THAT** the Equity Shares to be issued and allotted shall be subject to lock in as provided under the SEBI Regulations.

**RESOLVED FURTHER THAT** subject to the provisions of SEBI Regulations and other applicable laws, the Board be and is hereby authorized to vary, modify or alter any of the relevant terms and conditions, including size of the preferential issue as it may deem expedient.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, desirable and expedient for such purpose, including without limitation, issuing private placement offer letter in connection with the issue or allotment of aforesaid shares, issuing clarifications on the offer, issue and allotment of the Equity Shares, to execute the necessary documents and enter into contracts, arrangements, agreements, documents (including appointment of agencies, intermediaries and advisors for the Issue), resolving all questions of doubt that may arise in regard to the offer, issue and allotment of the Equity Shares and utilisation of proceeds of the issue of the Equity Shares and to authorize all such persons as may be necessary, in connection therewith and incidental thereto as the Board in its absolute discretion shall deem fit without being required to seek any fresh approval of the shareholders of the Company and the decision of the Board shall be final and conclusive.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Director(s) and / or to any official(s) of the Company and to generally do all such acts, deeds and things as may be required in connection with the aforesaid resolutions, including making necessary filings with the stock exchanges and regulatory authorities.”



## ITEM NO. 10

### Preferential Issue of Warrants

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

**“RESOLVED** that pursuant to the provisions of Section 62 and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof, for the time being in force) and the applicable rules thereunder (the “Act”) and any applicable subsisting sections of the Companies Act, 1956, as amended, and the enabling provisions of the Memorandum of Association and Articles of Association of the Company and subject to and in accordance with any other applicable law or regulation in India or outside India including without limitation, the provisions of Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the **“SEBI ICDR Regulations”**), the Listing Agreement entered into with the stock exchange where the shares of the Company are listed, the provisions of the Foreign Exchange Management Act, 1999, as amended, and rules and regulations framed there under as in force and in accordance with other applicable rules, regulations, circulars, notifications, clarifications and guidelines thereon issued from time to time by the Government of India, the Securities and Exchange Board of India (**“SEBI”**), the Reserve Bank of India (**“RBI”**), the Registrar of Companies (the **“RoC”**) and the stock exchange where the shares of the Company are listed (**“Stock Exchanges”**) and subject to requisite approvals, consents, permissions and/or sanctions if any, of the GoI, the SEBI, the RoC, the Stock Exchanges and other appropriate statutory, regulatory or other authority (including RBI) and subject to such conditions and modifications as may be prescribed, stipulated or imposed by any of them while granting any such approvals, consents, permissions, and/or sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the **“Board”**), the consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot upto 6,00,000 Warrants (**“Warrants”**) on a preferential allotment basis, to Mr. V.A Rama Raju, one of the promoters of the Company, which shall be convertible / exercisable into equal number of equity

shares of the Company at the option of the Warrant holder, in one or more trenches, at an issue/exercise price of Rs.12 per Equity Share not later than 18 months from the date of their allotment in accordance with the SEBI ICDR Regulations or other provisions of the law as may be prevailing at the time of allotment of equity shares, conversion or exercise of warrants.

**RESOLVED FURTHER THAT** the relevant date, as per the SEBI ICDR Regulations for the determination of issue price of the Warrants to be allotted pursuant to the preferential allotment is fixed as 26th August, 2014 i.e. 30 days prior to the date of shareholders meeting to approve the proposed preferential issue in terms of Section 62 of the Act

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to issue and allot such number of equity shares of the Company as may be required to be issued and allotted upon conversion / exercise of the Warrants by the Warrant holder(s)

**RESOLVED FURTHER THAT** the equity shares to be allotted upon exercise of Warrants shall rank paripassu in all respects including as to dividend, with the existing fully paid up equity shares of face value of Rs.10/- each of the Company, subject to the relevant provisions contained in the Memorandum of Association and Articles of Association of the Company.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the resolution described above, the Board be and is hereby authorized, on behalf of the Company, to take all actions and do all such acts, deeds, matters and things and execute such agreements, deeds and other documents including without limitation the private placement offer letter, with regard to the issue or allotment of aforesaid Warrants and issue or allotment of equity shares pursuant to exercise of the Warrants and listing of the equity shares to be allotted pursuant to exercise of Warrants with the Stock Exchange(s) as it may, in its absolute discretion, deem fit and to give instructions or directions and to settle all questions, difficulties or doubts that may arise in relation to the proposed issue, offer and allotment of any of the said Warrants and the utilization of the issue proceeds and to accept and to give effect to such modifications, changes, variations, alterations, deletions, additions as regards the terms and conditions as may be required by the SEBI, the ROC, or other authorities or agencies involved in or concerned with the proposed issue and

as the Board may in its absolute discretion deem fit and proper in the best interest of the Company, without being required to seek any further consent or approval of the members or otherwise, and that all or any of the powers conferred on the Company and the Board vide this resolution may be exercised by the Board or such committee thereof as the Board may constitute or has constituted in this behalf, to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution, and all actions taken by the Board or any committee constituted by the Board to exercise its powers, in connection with any matter(s) referred to or contemplated in any of the foregoing resolutions be and are hereby approved, ratified and confirmed in all respects.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate (to the extent permitted by law) all or any of the powers herein conferred to any committee of directors, or any whole-time director or directors or any other officer or officers of the Company to give effect to the aforesaid Resolutions.”

By Order of the Board  
**For VAMA Industries Limited**

Sd/-  
**Shilpa Kotagiri**  
Company Secretary

27th August, 2014  
Hyderabad.

## NOTES

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

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

2. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
3. Corporate Members intending to send their authorised representative to attend the Meeting are requested to send to the company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
4. In case of joint holders attending the Meeting, only such joint holders who are higher in the order of names will be entitled to vote.
5. A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto. Further, disclosures as required under Regulation 73 of the SEBI (Issue of Capital and Disclosure Requirements)

Regulations, 2009, in respect of Item Nos.8 and 9 form part of respective Explanatory Statement. The information required to be provided under the Listing Agreement entered into with the Stock Exchange, regarding the Directors who are proposed to appointed / reappointed is annexed herewith.

6. The Register of Members and Share Transfer Books will remain closed from Saturday, September 13, 2014 to Thursday, September 25, 2014 (both days inclusive).
7. Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, during business hours up to the date of the Annual General Meeting.
8. The dividend on Equity shares, if declared at the Meeting, will be dispatched / credited to those members whose names shall appear on the Company's Register of Members on Friday, September 12, 2014 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.
9. Members, who hold shares in the dematerialized form and wish to change/ rectify the bank account details should send the same immediately to their concerned Depository Participant and not to the Company. Members are also requested to give the MICR code of their Bank to their Depository Participants. While making payment of Dividend, Registrar is obliged to use only the data provided by the Depositories.
10. Physical Shares – Payment of Dividend through NECS: Members holding shares in Physical form are advised to submit particulars of their Bank account viz. Name and Address of the Branch of the Bank, MICR code of the Branch, type of

account and account number to our Registrar and Share Transfer Agent, M/s Bigshare Services Private Limited, 306, Right Wing, Amrutha Ville, Somajiguda, Rajbhavan Road, Hyderabad – 500 082.

11. 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.

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

12. Members who are holding Physical Shares in identical order of names in more than one folio are requested to send to the Company or to the Company's Share Transfer agent, the details of such folios together with the Share Certificates for consolidating their holding into single folio. The Share Certificates will be returned to the members after making requisite changes thereon.
13. Members who wish to claim Dividend, which has remained unclaimed are requested to either correspond with the Secretarial Department at the Company's Registered Office or the Company's Registrar and Share Transfer Agent (M/s. Bigshare Services Private Limited). Members are requested to note that dividends not encashed or not claimed within Seven years 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 shall be transferred to the Investor Education and Protection Fund (IEPF) of Government of India.

14. 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.
15. Securities and Exchange Board of India [SEBI] vide circular ref NO. MRD/Dop/CIR-05/2007 dated April 27, 2007 made PAN, the sole Identification Number for all participants transacting in the Securities Market, irrespective of the amount of transaction. In continuation to the aforesaid circular, it is hereby clarified that for Securities Market Transactions and off market/ private transactions involving transfer of shares of listed companies in Physical form, it shall be mandatory for the transferee(s) to furnish copy of PAN card to the company/ RTA for registration of such Transfer of Shares.
16. Members are advised to update their email IDs with Company's RTA and/or concerned Depository participants as soon as possible.

## 17. E-Voting

The businesses as set out in the Notice may be transacted through electronic voting system and the Company is providing facility for voting by electronic means. Pursuant to Section 108 of the Companies Act 2013, read with Companies (Management and Administration) Rules, 2014, as amended from time to time and in force as on date, the Company is pleased to offer e-voting facility, as an alternate, to its members in respect of the businesses to be transacted at the AGM.

The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Friday, 12th September, 2014, i.e. the date prior to the commencement of Book Closure date, are entitled to vote on the resolutions set forth in this Notice. Eligible members who have acquired shares after the dispatch of the Annual Report may approach the Company for required assistance in connection with generation of the User ID / Password in order to exercise their right to vote by electronic means. **The e-voting period will commence at 9.00 A.M.**

**on Friday, 19th September, 2014 and will end at 6.00 P.M. on Sunday, 21st September, 2014.** The members will not be able to cast their vote electronically beyond the date and time mentioned above.

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

## PROCEDURE FOR E-VOTING:

The instructions for members for voting electronically are as under:-

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



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

- vii. After entering these details appropriately, click on “SUBMIT” tab.
- viii. Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password

field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- ix. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- x. Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- xi. On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xii. Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- xiii. After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- xiv. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- xv. You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- xvi. If the Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xvii. Note for Non-Individual shareholders and custodians
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required

to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.

- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
- After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
- The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

**B. In case of members receiving the physical copy of Notice of AGM (for members whose e-mail addresses are not registered with the Company / Depositories):**

Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.

The Scrutinizer shall, within a period not exceeding three working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

Members who do not have access to e-voting facility have been additionally provided the facility of voting on a Ballot Form. They may send duly completed Ballot Form (enclosed with the Annual Report) to the Scrutinizer, Mr. Vikas Sirohiya, Practising Company Secretary (Membership. No. 15116), at the Registered Office of the Company so as to reach on or before the conclusion of the 29th Annual General Meeting or can carry the same to the Annual General Meeting and deposit in the Ballot Box during the Meeting. Members have the option to request for physical copy of Ballot Form by sending an e-mail to [investorservices@vama.co.in](mailto:investorservices@vama.co.in). by mentioning their Folio / DP ID and Client ID.

A member can opt for only one mode of voting, i.e., either through e-voting or by Ballot. If a member casts votes by both modes, then voting done through e-voting shall prevail and Ballot shall be treated as invalid.

The result of the voting on the Resolutions at the Meeting shall be announced by the Chairman or any other person authorized by him within two days of the Meeting.

The results declared along with the Scrutinizer's Report will be posted on the Company's website and communicated to the Stock Exchange.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

By Order of the Board  
**For VAMA Industries Limited**

Sd/-  
**Shilpa Kotagiri**  
Company Secretary

27th August, 2014  
Hyderabad.

## EXPLANATORY STATEMENT

(Pursuant to Section 102 (1) of the Companies Act, 2013)

### ITEM NOS. 5, 6 and 7:

Mr. V. Ramakrishna Rao, Mr. K Vara Prasad Raju and Mr. R Venkateswara Rao (collectively referred to as “the Independent Directors”) are Independent Directors of the Company and have held the positions as such for more than 5 years. Further their offices are subjected to be determined by retirement by rotation. However, as per the Companies Act, 2013, an Independent Director need not retire by rotation.

While under the Companies Act, 2013 an Independent Director can be appointed for 2 terms of 5 years, under the revised Clause 49 of the Listing Agreement, if a person has completed 5 years or more as on 1st October, 2014, he can be appointed for one more term of maximum 5 years only.

It is proposed to appoint Mr. V. Ramakrishna Rao, Mr. K Vara Prasad Raju and Mr. R Venkateswara Rao as Independent Directors under Section 149 of the Companies Act and Clause 49 of the Listing Agreement to hold their respective offices for 5 consecutive years.

Mr. V. Ramakrishna Rao, Mr. K Vara Prasad Raju and Mr. R Venkateswara Rao are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to acts as Directors.

The Company has received individual Notices (along with requisite deposit of Rs.1 lac in each case) from its members signifying their intention to propose the candidature of Mr. V. Ramakrishna Rao, Mr. K Vara Prasad Raju and Mr. R Venkateswara Rao respectively for the office of Directors of the Company.

Pursuant to the provisions of Section 160 of the Act, any such proposal(s) need(s) to be approved by the members in their General Meeting by passing Ordinary Resolution.

The Company has also received respective declarations from Mr. V. Ramakrishna Rao, Mr. K Vara Prasad Raju and Mr. R Venkateswara Rao that they meet the criteria of Independence as prescribed both under section 149 of the Act and under Clause 49 of the Listing Agreement.

In the opinion of the Board, Mr. V. Ramakrishna Rao, Mr. K Vara Prasad Raju and Mr. R Venkateswara Rao fulfil the conditions for appointment as Independent Directors as specified in the Companies Act, 2013 and the rules made thereunder and are independent of the management.

Brief resumes of the Independent Directors, nature of their expertise in specific functional areas and names of Companies in which they hold directorships and memberships / chairmanships of the Board Committees, shareholding and relationship between directors inter se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange are annexed herewith.

Copy of the draft letters for respective appointments of Mr. V. Ramakrishna Rao, Mr. K Vara Prasad Raju and Mr. R Venkateswara Rao as Independent Directors setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during business hours on any working day.

The Board considers that their continued association would be of immense benefit to the Company and it is desirable to continue to avail services of the Independent Directors. Accordingly, the Board recommends the resolution in relation to their respective appointments for the approval by the shareholders of the Company.

Mr. V. Ramakrishna Rao, Mr. K Vara Prasad Raju and Mr. R Venkateswara Rao are interested in the resolutions set out respectively at Item Nos.5, 6 and 7 of the Notice with regard to their respective appointments.

The relatives of Mr. V. Ramakrishna Rao, Mr. K Vara Prasad Raju and Mr. R Venkateswara Rao may be deemed to be interested in the resolutions set out respectively at Item Nos.5, 6 and 7 of the Notice, to the extent of their Shareholding interest, if any, in the Company

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are in any way, concerned or interested, financially or otherwise in the said resolutions.

This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange.

#### **Item No.8**

As detailed in the Explanatory Statement pertaining to Item Nos.9 & 10, hereunder, it is proposed to increase the paid up equity share capital of the Company.

As the members are aware, the existing Authorised Share Capital of the Company stands at Rs.8 Crores Only and Paid up Capital stands at Rs.7.038 Crores Only. In view of the proposed issue of 12 lacs equity shares and 6 lacs warrants, the Authorised Capital of the Company needs to be raised to Rs.9 Crores Only.

Pursuant to the provisions of Section 13, 61 of the Companies, Act, 2013 read with Rules thereunder, any increase in the Authorised capital of the company requires approval of the members by way of Special Resolution.

Hence, the resolution is commended for your approval.

The copy of the Memorandum and Articles of Association of the Company will be placed in the Annual General Meeting and will be open for Inspection at the Registered Office of the Company from 10.00 A.M. to 6.00 P.M. on all working days upto the date of the Annual General Meeting.

The Directors / Key Managerial Personnel and their respective relatives may be deemed to be concerned or interested to the extent of shares, if any, held by them in the Share Capital of the Company.

#### **Item Nos. 9&10**

As the members are aware, your Company is engaged in sale of hardware products and providing IT and IT enabled services to its clients over the past years. The Company has been able to manage its financial requirements either by way of working capital facilities from Banks or its internal accruals.

Your management aspires to scale up the size of its business and increase its activities not only by way of expansion but also way of diversifying into new areas related to the existing business of your company. Over the past few years your company has developed expertise in developing and maintaining high end Enterprise Hardware Solutions, Data Storage solutions, Data Centres and High Performance Cluster Computing to clients whose business demands secured and dedicated services. In this regard, your Company is expecting good business opportunities which will enable the Company to boost its revenues and profitability to a great extent..

In order to meet the financial requirements for the envisaged business opportunities, your management proposes to raise additional funds in the form of equity by issue of securities (presently equity shares and warrants) on preferential allotment basis.

Pursuant to the provisions of Section 62 of the Companies Act, 2013, any issue of further shares or any other securities convertible into or exchanged with equity shares by way of preferential offer need to be approved by the members by passing a Special Resolution.

Further, in terms of Regulation 73 of the SEBI ICDR Regulations, the following disclosures are needed to be made in the Explanatory Statement to the Notice of the General meeting:

#### **i. THE OBJECTS OF THE PREFERENTIAL ISSUE (equity shares and warrants):**

To meet the funding requirements towards proposed capital expenditures, operational expenditure and working capital with respect to the future expansion / diversification plan and general corporate purposes.



**ii. PROPOSAL OF PROMOTERS /DIRECTORS /KEY MANAGEMENT PERSONS TO SUBSCRIBE TO THE OFFER :**

**Equity Shares:**

It is proposed to offer upto a maximum of 12,00,000 equity shares of Rs.10 each at a price of Rs.12 per share to persons not forming part of promoter / promoter group. In view of the said, the promoters /directors /key management persons of Vama Industries Limited do not propose to subscribe to the said offer of equity shares.

**Warrants:**

Further, it is proposed to issue and allot 6,00,000 warrants convertible into equal number of equity shares to Mr. V. A. Rama Raju, a promoter of the Company, who has expressed his intention to subscribe to the offer. None of the other promoters / Directors / Key Management Persons propose to subscribe to the said offer.

**iii. RELEVANT DATE :**

The Relevant date for the purpose of calculation of price of the specified Securities (equity shares and warrants) is taken as 26th August, 2014, being 30 days prior to the date of the Annual General Meeting, to, inter alia, approve the proposed preferential issue in accordance with the SEBI ICDR Regulations.

**iv. BASIS OR JUSTIFICATION OF PRICE:**

The issue price (i.e., Rs.12 per equity share / warrant ) has been determined in accordance with Regulation 76 as stipulated under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time. The proposed price of Rs.12 is not less than higher of the following:

- a) The average of the weekly high and low of the closing prices of the related equity shares quoted on the BSE (the recognized stock exchange where the shares of the Company are listed) during the 26 weeks preceding the relevant date
- or
- b) the average of the weekly high and low of the closing prices of the related equity shares quoted on the BSE (the recognized stock exchange where the shares of the Company are listed) during the two weeks preceding the relevant date.

**v. PAYMENT AND CONVERSION TERMS (Warrants):**

25% of the price of the warrants (i.e., 25% of Rs.12 per warrant) is to be paid on or before the allotment of warrants. The balance 75% of the said price shall be paid at the time of allotment of equity shares pursuant to exercise of option against each such warrant by the warrant holder. The warrants shall be converted into equity shares within a maximum period of 18 Months from the date of their allotment, in one or more trenches, at the option of the warrant holder, whereby he shall be allotted one equity share of Rs.10 each for every one warrant held by him. If the warrants holder fails to exercise the option to take equity shares against any of the warrants held by him, the consideration paid in respect of such warrant shall be forfeited by the Company.

The equity shares issued pursuant to an exercise of the Warrants shall rank paripassu in all respects including with respect to dividend with the then fully paid-up equity shares of the Company.

**vi. IDENTITY OF THE PROPOSED ALLOTTEES:**

**a. Equity Shares**

Sl. No.	Name	Category	No. of Equity Shares proposed to be allotted	Pre-preferential Issue shareholding (Proposed)		*Post-preferential Issue shareholding	
				Total Number of Shares	% of holding holdig of Shares	Total Number	% of holding holdig
1.	NIRANT TECHNOLOGIES PRIVATE LIMITED (Refer Note 1)	Body Corporate, Public	5,00,000	Nil	NA	5,00,000	5.66
2.	SAINAREN PROPERTIES PRIVATE LIMITED (Refer Note 1)	Body Corporate, Public	4,00,000	NIL	NA	4,00,000	4.53
3.	MURTY VENKATA SATYANARAYANA VALIVETI	Individual Public	1,50,000	10,000	0.14	1,60,000	1.81
4.	SUBBA RAO VITAKULA	Individual Public	1,50,000	NIL	NA	1,50,000	1.70

\* The post –preferential issue shareholding is based on the assumption that the proposed number of shares and warrants will be subscribed fully / converted into shares.

**Notes:**

1.The following are the promoters of the Company, NIRANT TECHNOLOGIES PRIVATE LIMITED, who may be deemed to be the ultimate beneficial owners / or having ultimate control of the shares proposed to be allotted:

Sl. No.	Name of Promoters	No. of Shares	% of Shares
1.	CH. DURGA VENKATA VARA PRASAD RAO	2500	25
2.	M. RAGHAVENDRA PRASAD	2500	25
3.	RAJU SAMAL	5000	50

2. The following are the promoters of the Company, SAINAREN PROPERTIES PRIVATE LIMITED, who may be deemed to be the ultimate beneficial owners / or having ultimate control of the shares proposed to be allotted:

Sl. No.	Name of Promoters	No. of Shares	% of Shares
1.	T. VENKATA APPA RAO	5000	50
2.	Y. MALLIKHARJUNA RAO	5000	50

**b. Warrants**

Sl. No.	Name	Category	No. of Equity Shares proposed to be allotted	Pre-preferential Issue shareholding (Proposed)		Post-preferential Issue shareholding	
				Total Number of Shares	% of holding holdig of Shares	Total Number	% of holding holdig
1.	V A. Rama Raju	Individual Promoter	6,00,000	20,28,524	28.82	26,28,524	29.74

Note: The post –preferential issue shareholding is based on the assumption that all the 6,00,000 warrants will be exercised by the allottee and converted into equity shares as per the stipulated terms and conditions.

**vii. THE SHAREHOLDING PATTERN OF THE COMPANY BEFORE AND AFTER THE PREFERENTIAL ISSUE :**

Sl No.	Category	Pre preferential issue		Post preferential issue	
		No of Shares	%	No of Shares	%
<b>(A)</b>	<b>Promoters Shareholding</b>				
<b>1.</b>	<b>Promoters (Indian)</b>	<b>3976866</b>	<b>56.51</b>	<b>45,76,866</b>	<b>51.79</b>
	<b>Total Promoters shareholdig(A)</b>	3976866	56.51	<b>45,76,866</b>	<b>51.79</b>
<b>(B)</b>	<b>Public shareholding</b>				
<b>1.</b>	<b>Institutions</b>	Nil	Nil	Nil	Nil
<b>2</b>	<b>Non-Institutions</b>				
(a)	Bodies Corporate	3,99,798	5.68	12,99,798	14.71
(b)	Resident Individuals	26,49,869	37.65	29,49,869	33.38
(c)	Overseas Corporate Bodies	Nil	Nil	Nil	Nil
(d)	NRI	769	0.01	769	0.01
(e)	Others	10,698	0.15	10,698	0.12
	<b>Total Public Shareholding (B)</b>	<b>30,61,134</b>	<b>43.49</b>	<b>42,61,134</b>	<b>48.21</b>
	<b>Total (A) + (B)</b>	<b>70,38,000</b>	<b>100</b>	<b>88,38,000</b>	<b>100</b>

**viii. TIME WITHIN WHICH THE PREFERENTIAL ISSUE SHALL BE COMPLETED :**

The allotment of the Equity Shares / Warrants, on preferential basis, will be completed within a period of 15 days from the date of passing of the relevant Special Resolution in the Annual General Meeting. Provided that where any approval or permission by any regulatory authority or the Central Government for allotment is pending, the allotment of the Warrants shall be completed within 15 days from the date of such approval or permission.

**ix. CHANGE IN CONTROL, IF ANY, IN THE COMPANY CONSEQUENT TO THE PREFERENTIAL ISSUE :**

There shall be no change in control of the Company pursuant to the issue of equity shares / Warrants proposed to allotted hereunder.

**x. UNDERTAKING:**

The Company shall re-compute the issue price (i.e., Rs.12 per equity share / warrant) in accordance with the SEBI ICDR Regulations, where it is required to do so.

Further, if the amount payable on account of the re-computation of issue price is not paid by the proposed allottee(s) within the time stipulated under the SEBI ICDR Regulations, the specified securities allotted shall continue to be locked in till the time such amounts are paid.

**xi. ALLOTMENTS DURING THE YEAR:**

The Company has not made any allotment on preferential basis or otherwise during the year.

**xii. LOCK-IN :**

The equity shares / warrants proposed to be issued / allotted hereunder shall be locked-in as per the provisions of Regulation 78 of the SEBI ICDR Regulations.

**xiii. AUDITORS CERTIFICATE:**

M/S. GV & CO., Chartered Accountants, Hyderabad the Statutory Auditors of the Company have certified that the preferential issue is being made in accordance with the requirements contained in SEBI (ICDR) Regulations, 2009. A copy of the said Certificate will be placed in the Annual General Meeting and will be open for Inspection at the Registered Office of the Company from 10.00 A.M. to 6.00 P.M. on all working days upto the date of the Annual General Meeting.

None of the Directors or Key Managerial Personnel or their relatives is in any way, financial or otherwise, concerned or interested in the said Resolutions.

Information in respect of Directors seeking appointment / re-appointment as required under Clause 49 of the Listing Agreement

Name of the director	V. Rajam Raju	Venkateswara Rao Raparla	Rama Krishna Rao Varada	K. Vara Prasad Raju
Date of Appointment	June 23, 2003	May 07, 2004	May 07, 2004	May 07, 2004
Date of Birth	May 10, 1967	June 15, 1962	February 09, 1962	March 16, 1965
Expertise in Specific Functional areas	Rich experience in the field of operations, promotion of various IT & Related products and client relationship	Rich Experience in senior managing and operating positions.	Rich and varied experience in the areas of Accounts and Taxation	Rich experience in automobile and Engineering Industry
Educational Qualification	B.E., M.E. (Mechanical) specialization in Production engineering.	Bachelor of Engineering (Mechanical)	B.Com., CWA Inter	Diploma in automobile engineering
Directorships in other Companies	Vama Infrastructure (P) Ltd.	Enrico Power & Minerals (P) Ltd.	Nil	Nil
Membership / Chairmanships of committees of Board	Nil	Audit committee (Member) Nomination and Remuneration Committee- (Chairman)  Stakeholders Relationship Committee- (Chairman)	Audit committee (Chairman) Nomination and Remuneration Committee- (Member)  Stakeholders Relationship Committee- (Member)	Audit committee (Member) Nomination and Remuneration Committee- (Member)  Stakeholders Relationship Committee- (Member)
Shareholding in the Company as on 31.03.2014	11,80,500	700	200	300
Relationship between Directors Inter-SE	Brother of V.A. Rama Raju, CMD	NA	NA	NA



# Directors' Report



## Dear Fellow Shareholders,

Your Directors are pleased to present the 29th Annual Report along with the audited Accounts for the financial year ended March 31, 2014.

## FINANCIAL PERFORMANCE

The Financial performance of the Company, for the year ended March 31, 2014 is summarized below

(₹ in Lakhs)

Particulars	Audited	
	2013-14	2012-13
Turnover	2317.84	2120.06
Other Income	5.44	3.13
Total Income	2323.28	2123.19
PBIDT	89.22	97.42
Less: (i) Interest	39.46	26.28
(II) Depreciation	31.58	37.90
<b>Profit Before Tax</b>	<b>18.19</b>	<b>33.24</b>
Less: Provision for Tax		
- Current	6.96	9.75
- Deferred	(1.34)	0.53
<b>Profit After Tax</b>	<b>16.12</b>	<b>22.97</b>
Less : Appropriations		
a) Transfer to Reserves	Nil	Nil
b) Proposed Dividend	7.04	7.04
b) Tax on Proposed Dividend	1.20	1.14
Earning Per Share (EPS)	0.23	0.33
Balance Carried to B/S.	7.88	14.79

## BUSINESS PERFORMANCE

Our Revenues from Operations for the Current year grew to Rs.2317.84 Lakhs against an amount of Rs.2120.06 Lakhs for the year 2012-13 and the profit after tax for the year stood at Rs. 16.12 Lakhs when compared to Rs.22.97 Lakhs for the previous year 2012-13.

The above revenue includes income from Services of Rs. 38,235,755/-

Further, your Company has earned a Profit (Before Tax) of Rs. 18.19 Lakhs for the financial year 2013-14 as against Rs. 33.24 Lakhs for the previous financial year 2012-13. 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, 2014 [Previous year Rs. 0.10 per Equity Share of Rs. 10/- each] to be appropriated from the profits of the year 2013-14, 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.

## DIRECTORS

Pursuant to the provisions of Section 152 of the Companies Act, 2013 Mr. V RajamRaju retires by rotation at the ensuing AGM and being eligible, offer himself for re-appointment.

Further, pursuant to the provisions of Section 149 and other applicable provision of the Companies Act, 2013 read with Rules thereon, all the Independent Directors of the Company are proposed for appointment U/s 149 of the Act for 5 consecutive years.

## STATUTORY AUDITORS:

Pursuant to the provisions of Section 139(2) of the Companies Act, 2013, on rotation of audit firms and based on the recommendation of the Audit Committee, the Board has at its meeting held on 13th August, 2014 recommended the re-appointment of M/s. GV & Co., Chartered Accountants, Hyderabad, as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting for a period of 3 years in accordance with the Act, subject to the ratification of shareholders at every

Annual General Meeting. M/s.GV& Co., Chartered Accountants, Hyderabad, have confirmed that the appointment, if made, would be within the prescribed limits under Section 141 of the Companies Act, 2013. Accordingly, the appointment of GV & Co., Chartered Accountants, Hyderabad, as the Statutory Auditors, is being proposed as an Ordinary Resolution..

## QUALITY

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

## FIXED DEPOSITS

Your Company has neither accepted nor renewed any Fixed Deposits during the year under review. Hence there is no outstanding amount as on the Balance Sheet date.

## MANAGEMENT DISCUSSION AND ANALYSIS

In accordance with the provisions of Clause 49 of the Listing Agreement, a Report on the Management Discussion and Analysis is set out in **Annexure-A** attached to this Report.

## 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 exchange 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 & Share 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 2014-15. You may further note that the listing/ trading was never suspended at any time during the financial year 2013-14.

## PARTICULARS OF EMPLOYEES

There are no employees whose particulars are required to be furnished under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of employees) Rules, 1975, and as amended from time to time as remuneration of none of the employees is in excess of Rs.5,00,000/- per month, if employed for the part of year or Rs.60,00,000/- per annum during the financial year 2013-14.

## DEMATERIALISATION OF SHARES

99.61% of the total paid up equity shares of the Company are in dematerialized form as on 31st March, 2014

## DIRECTORS RESPONSIBILITY STATEMENT

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

- i. In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed and that no material departures are made from the same ;
- ii. 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;

- iii. 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;
- iv. 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

13th August, 2014  
Hyderabad.

# Management Discussion and Analysis Report

## Annexure-A



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 revitalisation of global economy continued during the calendar year 2013 and the global economy ended the year on a better footing as compared to the start of the year. The growth momentum is expected to be carried forward during the year 2014. The International Monetary Fund forecasts that world output will grow 3.6% in 2014, compared to 2.9% during 2013.

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. 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.

The Company continues to look for new ways to strengthen customer relationships, expand services portfolio by continuously introducing new services,

expand global infrastructure by opening up new delivery centers in new countries, launching new products and platforms and continuously improving quality processes to raise the delivery promise to customers. The Company believes in strong focus on execution of strategy to deliver long-term growth.

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, 2014 (same as that of the previous year).

#### 2. Profit & Loss Account

The balance retained in the Profit & Loss account as at March 31, 2014 is Rs.7,88,467/- after providing for final dividend for the year of Rs.7,03,800/- and Dividend Tax of Rs.1,19,611/- thereon. The total amount of profits proposed to be appropriated towards dividend and Dividend tax is Rs.8,23,411/-

#### 3. Deferred Tax Assets/ Liabilities

We recorded net Deferred Tax Liabilities of Rs 1,86,741 as at March 31, 2014 (Previous Year Rs. 3,20,431)

#### 4. Fixed Assets

During the year, the net block of the fixed assets as at 31st march 2014 is Rs.1,44,75,010 as compared to Rs.1,67,55,200 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, 2014 approximately 9% were derived from our overseas operations whereas 91% 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)

	2013-14	2012-13
<b>100% Export Oriented Unit Services</b>		
IT Services	206.41	296.86
<b>Domestic Services</b>		
Services/Consultancy/Projects	175.95	184.80
Hardware Trading & Metal Sales	1935.48	1638.40
Other Income	5.44	3.13
<b>Total</b>	<b>2323.28</b>	<b>2123.19</b>

## 2. Expenditure

( ₹ in lacs)

	2013-14	2012-13
Cost of Products and Services	1783.35	1600.07
Employee benefit Expenses	311.52	264.05
Financial Charges	49.85	35.32
Depreciation amortization expenses	31.58	37.90
Other Expenses	128.80	152.60
<b>Total</b>	<b>2305.10</b>	<b>2089.95</b>

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, practice 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 2014, the employee strength was 135

## 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, 2014 our main reportable segments are Software Development & Services (IT & ITES) and Product/Hardware Sales & Services.

## Profitability

(₹ in Lakhs)

Particulars	Year ended March 31		Growth%
	2014	2013	
Earnings before Interest, Depreciation and Tax (EBIDTA)	89.22	97.42	(8.42)%
<b>Interest</b>	<b>39.46</b>	<b>26.28</b>	<b>50.15%</b>
Depreciation	31.58	37.90	(16.68)%
<b>Profit Before Tax</b>	<b>18.19</b>	<b>33.24</b>	<b>(45.28)%</b>

## 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

13th August, 2014  
Hyderabad.

# Corporate Governance Report

Annexure-B



## 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 operations 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 4 (Four) times during the financial year under review, on the following dates :29th day of May, 2013, 14th day of August, 2013, 14th day of November, 2013 and 14th day of February, 2014.

All the Directors attended all the aforementioned Board Meetings.

### No. of Meetings Held / Attended

Director's Name	Designation	No of Board Meetings Attended
<b>Promoter &amp; Executive Directors</b>		
V. A. Rama Raju	Chairman & Managing Director	4
V. Rajam Raju	Executive Director	4
<b>Non Promoter &amp; Non Executive Directors</b>		
R. Venkateswara Rao	Independent Director	4
K. Vara Prasad Raju	Independent Director	4
V. Ramakrishna Rao	Independent Director	4

### 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: The Independent Directors of the Company comply with the requirements as stipulated under Section 149 of the Companies Act, 2013 as well as that of Clause 49 of the listing agreement,

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

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

**(d) Code of Conduct:**

In tune with the revised 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](http://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.

**(e) Whistle Blower Policy:**

The company has established a vigil mechanism for its directors and employees to report concerns

about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy.

This mechanism provides for adequate safeguards against victimization of director(s) / employee(s) and for direct access to the Chairman of the Audit Committee in exceptional cases

**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 4 (Four) times.

Each member of the committee is an Independent Director, complying with the provisions of Clause 49 of the Listing Agreement and Section 177 of the Companies Act, 2013.

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 wherever required, replace the independent auditor in accordance with the law. All possible measures are 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 2013-14**

Name & Committee Position	No of Meetings held	No of Meetings attended
V. Ramakrishna Rao (Chairman)	29.05.2013	4
R. Venkateswara Rao (Member)	14.08.2013	4
K. Vara Prasad Raju (Member)	14.11.2013 14.02.2014	4



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 are financially literate and its Chairman possess accounting and Financial Management Expertise.

The Chairman of the Audit Committee attended the previous Annual General Meeting (AGM) held on 28th Day of September, 2013 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 177 of the Companies Act, 2013 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 provisions of the Companies Act.
  - (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 of the listing Agreement to :

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

#### IV. Nomination and Remuneration Committee

The nomenclature of Remuneration committee has been changed to Nomination and remuneration committee in the Board Meeting held on 29th May, 2014. The committee met two times during the previous year.

The Composition of the Committee and the attendance of the members at the meetings of the committee are given below

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 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 V of the Companies Act, 2013 (erstwhile 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 Financial year 2013-14

##### (a) Executive Directors

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

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

##### (b) Non Executive Directors

Remuneration paid to Non-executive Directors Nil.

Shares held by Non-Executive Directors in the Company as on 31.03.2014 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. STAKEHOLDERS RELATIONSHIP COMMITTEE

The nomenclature of Shareholders / investor Grievances committee has been changed to stakeholders Relationship committee in the Board Meeting held on 29th May, 2014. The Stakeholders Relationship committee met four times during the previous year.

The Composition of the Committee and the attendance of the members at the meetings of the committee are given below

Name & Committee Position	No. of Meetings held	No. of Meetings attended
R. Venkateswara Rao (Chairman)	4	4
V. Ramakrishna Rao (Member)	4	4
V. A. Rama Raju (Member)	4	4

The Stakeholders Relationship 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 2013-14

Nature of Queries / Complaints	Received during the year	Redressed during the year	Pending as on 31st March 2014
Nil	Nil	Nil	Nil

Please note that, there are No Complaints pending during the Financial year 2013-14

## 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
2013-14	Sep 28, 2013, (Saturday) at 10.00 A.M	Hotel inner circle, Raj Bhavan Road, Somajiguda, Hyderabad -500082	None
2011-12	Sep 29, 2012, (Saturday) at 11 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

### (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, 2013 and rules made there under.

### (c) Annual General Meeting

**Date & Time :** September 25, 2014 at 10.00 A.M

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

### (d) Financial Year (2013-2014)

The Financial year under review is 2013-2014 [01 April, 2013 to 31 March, 2014].

### (e) Book Closure

September 13, 2014 to September 25, 2014 [both days inclusive]

### (f) Dividend

Board of Directors at its meeting held on May, 29th, 2014 recommended the dividend of Re.0.10 (1%) per equity share of Rs. 10/- each for the financial year 2013-14 subject to the approval of shareholders at the ensuing Annual General Meeting, If approved the dividend will be paid on or before 25 October, 2014.

### (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 2014-15 on equity share capital has been paid to BSE.

The Company has paid custodial fees for the year 2014-15 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, 2014.



## (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 2013-14:

Financial Year 2013-14	BSE		
	High (Rs.)	Low (Rs.)	Volume (No. of shares)
April 2013	5.61	5.08	2,774
May 2013	5.82	5.55	10,969
June 2013	5.53	5.26	2,188
July 2013	5.35	5.09	6,029
August 2013	5.50	5.33	3,010
September 2013	5.50	4.90	3,762
October 2013	5.22	4.37	27,869
November 2013	6.35	4.36	6,609
December 2013	7.15	6.55	21,370
January 2014	10.68	7.35	21,359
February 2014	11.52	8.90	50,476
March 2014	9.78	6.53	11,444

## (j) Distribution of Shareholding

[As on 31.03.2014]

CATEGORY	Holders	% shares holders		% age to capital
1 to 1	62	5.561	62	0.001
2 to 10	90	8.072	532	0.008
11 to 50	91	8.161	3043	0.043
51 to 100	129	11.57	12258	0.174
101 to 200	114	10.224	20491	0.291
201 to 500	209	18.744	80671	1.146
501 to 1000	136	12.197	112277	1.595
1001 to 5000	163	14.619	395643	5.622
5001 to 10000	44	3.946	316642	4.499
10001 to 20000	37	3.318	557464	7.921
20001 to 30000	13	1.166	339787	4.828

30001 to 40000	9	0.807	308460	4.383
40001 to 50000	4	0.359	182100	2.587
50001 to 100000	8	0.717	516402	7.337
100001 to Above	6	0.538	4192168	59.565
Grand Total	1115	100	7038000	100

## (k) Dematerialization of shares and liquidity

As at March 31, 2014, 7010478 equity shares representing 99.61% 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, 2014 are as follows:

[As on 31.03.2014]

Category	Number of		% of equity
	Share holders	Shares	
Demat Mode			
NSDL	643	5562245	79.03%
CDSL	437	1448233	20.58%
Total			
Demated shares	1080	7010478	99.61%
Physical Mode	35	27522	0.39
Grand Total	1115	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, 2014 are as follows:

[As on 31.03.2014]

Name of the Shareholder	No of shares	%
VenuGopalaRaju Vegesna	151924	2.16
V. Chandravati	124828	1.77
VenkataKakumanu Krishna Rao	106950	1.52
AtluriHariLeela	88161	1.25
Celebrity Consultants Private Limited	71164	1.01
Veda Equity Services Pvt.Limited	72683	1.03
<b>Total</b>	<b>615710</b>	<b>8.74</b>

## (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](mailto:investorservices@vama.co.in).

## (n) Shareholding pattern

Category Code	Category of Shareholder	Number of Shareholders	"Total Number of Shares	Number of Shares held in Dematerialised form	Total Shareholding percentage of total number of shares	Shares Pledged or otherwise encumbered	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII) "IX)=(VIII)/(IV) *100"
<b>(A) Shareholding of Promoter and Promoter Group</b>							
<b>1. INDIAN</b>							
(a)	INDIVIDUAL / HUF	12	3976866	3976866	56.5056	56.5056	0.00
(b)	CENTRAL / STATE GOVERNMENT(S)	0	0	0	0.0000	0.0000	0.00
(c)	BODIES CORPORATE	0	0	0	0.0000	0.0000	0.00
(d)	FINANCIAL INSTITUTIONS / BANKS	0	0	0	0.0000	0.0000	0.00
(e)	ANY OTHERS (Specify)						
(i)	DIRECTORS / RELATIVES	0	0	0	0.0000	0.0000	0.00
(ii)	GROUP COMPANIES	0	0	0	0.0000	0.0000	0.00
<b>SUB TOTAL (A)(1) :</b>		<b>12</b>	<b>3976866</b>	<b>3976866</b>	<b>56.5056</b>	<b>56.5056</b>	<b>0.00</b>
<b>2. FOREIGN</b>							
(a)	INDIVIDUAL	0	0	0	0.0000	0.0000	0.00
(b)	BODIES CORPORATE	0	0	0	0.0000	0.0000	0.00
(c)	INSTITUTIONS	0	0	0	0.0000	0.0000	0.00
(d)	QUALIFIED FOREIGN INVESTOR	0	0	0	0.0000	0.0000	0.00
<b>SUB TOTAL (A)(2) :</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0000</b>	<b>0.0000</b>	<b>0.00</b>
<b>Total holding for Promoters and Promoter group (A)=(A)(1) + (A)(2)</b>		<b>12</b>	<b>3976866</b>	<b>3976866</b>	<b>56.5056</b>	<b>56.5056</b>	<b>0.00</b>
<b>(B) Public shareholding</b>							
<b>1. INSTITUTIONS</b>							
(a)	MUTUAL FUNDS / UTI	0	0	0	0.0000	0.0000	0.00
(b)	FINANCIAL INSTITUTIONS / BANKS	0	0	0	0.0000	0.0000	0.00
(c)	CENTRAL / STATE GOVERNMENT(S)	0	0	0	0.0000	0.0000	0.00
(d)	VENTURE CAPITAL FUNDS	0	0	0	0.0000	0.0000	0.00
(e)	INSURANCE COMPANIES	0	0	0	0.0000	0.0000	0.00
(f)	FII'S	0	0	0	0.0000	0.0000	0.00
(g)	FOREIGN VENTURE CAPITAL INVESTORS	0	0	0	0.0000	0.0000	0.00
<b>SUB TOTAL (B)(1) :</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0000</b>	<b>0.0000</b>	<b>0.00</b>
<b>B 2. Non-institutions</b>							
(a)	BODIES CORPORATE	40	353803	348303	5.0270	5.0270	0.00
(b)	INDIVIDUAL						
(i)	(CAPITAL UPTO TO Rs. 1 Lakh)	999	876456	854434	12.4532	12.4532	0.00
(ii)	(CAPITAL GREATER THAN Rs. 1 Lakh)	59	1826105	1826105	25.9464	25.9464	0.00
(c)	ANY OTHERS (Specify)						
(i)	TRUSTS	0	0	0	0.0000	0.0000	0.00
(ii)	CLEARING MEMBER	2	2001	2001	0.0284	0.0284	0.00
(iii)	DIRECTORS / RELATIVES	0	0	0	0.0000	0.0000	0.00
(iv)	EMPLOYEE	0	0	0	0.0000	0.0000	0.00
(v)	NON RESIDENT INDIANS (NRI)	3	2769	2769	0.0393	0.0393	0.00
(vi)	OVERSEAS BODIES CORPORATES	0	0	0	0.0000	0.0000	0.00
<b>SUB TOTAL (B)(2) :</b>		<b>1103</b>	<b>3061134</b>	<b>3033612</b>	<b>43.4944</b>	<b>43.4944</b>	<b>0.00</b>
<b>Total Public Shareholding (B)=(B)(1) + (B)(2)</b>		<b>1103</b>	<b>3061134</b>	<b>3033612</b>	<b>43.4944</b>	<b>43.4944</b>	<b>0.00</b>
<b>Total (A) + (B) :</b>		<b>1115</b>	<b>7038000</b>	<b>7010478</b>	<b>100.0000</b>	<b>100.0000</b>	<b>0.00</b>
<b>(C) Shares held by Custodians and against which Depository Receipts have been issued</b>							
(a)	SHARES HELD BY CUSTODIANS	0	0	0	0.0000	0.0000	0.00
<b>SUB TOTAL (C)(1) :</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0000</b>	<b>0.0000</b>	<b>0.00</b>
<b>Grand Total (A) + (B) + (C)</b>		<b>1115</b>	<b>7038000</b>	<b>7010478</b>	<b>100.0000</b>	<b>100.0000</b>	<b>0.00</b>



**(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, 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, Amruthaville  
OppYashoda Hospital  
Somajiguda, RajbhavanRoad  
Hyderabad 500 082.

**Share Transfer System:**

All the transfers are noted by the Stakeholders relationship 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 revised 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](http://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, 2014. A declaration to this effect, signed by the CEO, the Managing Director is provided under the head "Declaration on code of Conduct".

**(u) Capital Reconciliation Audit**

A qualified Company Secretary carries out Capital Reconciliation 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.

**(vii) Other Information**

**Nomination in respect of shares held in Physical form**

Section 72 of the Companies Act, 2013 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 applicable Form for this purpose.

## **VIII. 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., that may have potential conflict with the interests of the Company at large : Nil

### **(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 Nomination and Remuneration Committee to evaluate remuneration packages for the Directors. Details of the Committee have been provided under section "Remuneration Committee". It has also established a vigil mechanism for its Directors and employees.

### **(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.

## **IX. 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 Company's website : [www.vamaind.com](http://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.

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 Statement of Profit & Loss 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 Accepted 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

13th August, 2014  
Hyderabad.



## 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, 2014 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

13th August, 2014  
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, 2014.

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

13th August, 2014  
Hyderabad.

**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:**

- 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**

(Rs in Lakhs)

Particulars	2013-14	2012-13
Earnings in Foreign currency	212.67	291.44
Foreign Expenditure outgo	17.08	206.11

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

Sd/-

**V. A. Rama Raju**

Chairman and Managing Director

13th August, 2014  
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, 2014, 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") read with the circular 15/2013 dated 13 September 2013. 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, 2014;
- 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 read with the General circular 15/2013 dated 13 September 2013 of Ministry of Corporate Affairs in respect of Section 133 of the companies Act, 2013

e) on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of subsection (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 : 29.05.2014

# 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 not taken any interest free un-secured loans from any party covered in the register maintained under section 301 of the Companies Act, 1956 and as such the maximum amount outstanding is Rs.NIL.
  - 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, no repayment of loan was required during the Financial Year 2013-14. 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. 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, 2014 for a period more than six months from the date they became payable.

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 : 29.05.2014

# Balance Sheet

as at March 31, 2014



Particulars	Note No.	As at 31.03.2014 Amount in ₹	As at 31.03.2013 Amount in ₹
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
(a) Share capital	1	70,380,000	70,380,000
(b) Reserves and surplus	2	15,771,489	14,983,022
(c) Money received against share warrants		-	-
		<b>86,151,489</b>	<b>85,363,022</b>
Share application money pending allotment	3	-	-
<b>Non-current liabilities</b>			
(a) Long-term borrowings	4	-	-
(b) Deferred tax liabilities (net)		186,741	320,431
(c) Other long-term liabilities	5	-	-
(d) Long-term provisions	6	-	-
		<b>186,741</b>	<b>320,431</b>
<b>Current liabilities</b>			
(a) Short-term borrowings	7	24,609,423	23,169,356
(b) Trade payables	8	17,299,148	36,880,104
(c) Other current liabilities	9	4,832,379	6,367,680
(d) Short-term provisions	10	1,519,021	1,973,764
		<b>48,259,971</b>	<b>68,390,904</b>
<b>TOTAL</b>		<b>134,598,201</b>	<b>154,074,357</b>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed assets	11		
(i) Tangible assets		6,755,416	7,987,359
(ii) Intangible assets		7,719,594	8,767,841
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under development		-	-
		<b>14,475,010</b>	<b>16,755,200</b>
(b) Non-current investments	12	5,380,000	5,380,000
(c) Deferred tax assets (net)		-	-
(d) Long-term loans and advances	13	5,456,431	6,653,466
(e) Other non-current assets	14	9,235,788	8,106,410
		<b>20,072,219</b>	<b>20,139,876</b>
<b>Current assets</b>			
(a) Current investments		-	-
(b) Inventories	15	43,968,949	31,275,852
(c) Trade receivables	16	45,323,427	73,543,231
(d) Cash and bank balances	17	2,862,007	6,573,174
(e) Short-term loans and advances	18	7,667,833	5,505,516
(f) Other current assets	19	228,756	281,508
		<b>100,050,972</b>	<b>117,179,281</b>
<b>TOTAL</b>		<b>134,598,201</b>	<b>154,074,357</b>

## 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

Place : Hyderabad

Date : 29-05-2014

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

Sd/-

**P. Venkateswara Rao**  
Director

Sd/-

**G. Siva**

Chief Financial Officer

Sd/-

**V. Rajam Raju**  
Executive Director

Sd/-

**Shilpa Kotagiri**  
Company Secretary



# Statement of Profit and Loss Account

for the year ended March 31, 2014



Particulars	Note No.	As at 31.03.2014 Amount in ₹	As at 31.03.2013 Amount in ₹
I. Revenue from operations	20	231,784,007	212,005,941
II. Other income	21	544,036	312,725
<b>III. TOTAL REVENUE ( I + II )</b>		<b>232,328,043</b>	<b>212,318,666</b>
<b>IV. Expenses:</b>			
(a) Cost of Material Consumed			
(b) Purchase of Stock -in- Trade	22	191,028,135	170,810,081
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	23	(12,693,097)	(10,802,845)
(d) Employee benefit expenses	24	31,151,650	26,404,820
(e) Finance costs	25	4,984,658	3,532,298
(f) Depreciation and amortization expenses	11	3,157,982	3,789,680
(g) Other Expenses	26	12,880,209	15,260,439
<b>TOTAL EXPENSES</b>		<b>230,509,537</b>	<b>208,994,473</b>
<b>V. Profit before exceptional &amp; extraordinary items and tax (III - IV)</b>		1,818,506	3,324,193
VI. Exceptional items		-	-
VII. Profit before extraordinary items and tax (V-VI)		1,818,506	3,324,193
VIII. Extraordinary items		-	-
IX. Profit before tax (VII - VIII)		1,818,506	3,324,193
X. Tax expense:			
Provision for Income Tax			
Current Year		695,610	974,640
Previous Year		(355,292)	-
Provision for Deferred Tax		(133,690)	52,535
<b>Total Tax Expenses</b>		<b>206,628</b>	<b>1,027,175</b>
XI. Profit for the period from continuing operations (IX - X)		1,611,878	2,297,018
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)		1,611,878	2,297,018
XVI. Earnings per equity share:			
1) Basic		0.23	0.33
2) Diluted		0.23	0.33
<b>XVII. NOTES FORMING PART OF THE FINANCIAL STATEMENTS 27 - 43</b>			

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 : 29.05.2014

## for and on behalf of the Board of Directors

Sd/-

**P. Venkateswara Rao**  
Director

Sd/-

**G. Siva**

Chief Financial Officer

Sd/-

**V. Rajam Raju**  
Executive Director

Sd/-

**Shilpa Kotagiri**  
Company Secretary

# Cash Flow Statement

for the year ended March 31, 2014



Particulars	As at 31.03.2014 Amount in ₹	As at 31.03.2013 Amount in ₹
<b>A. Cash Flow from Operating activities</b>		
Net Profit before tax as per Profit and loss account	1,818,506	3,324,193
<b>Adjustments</b>		
(Profit) / Loss on sale of fixed assets (net)	-	-
(Profit) / Loss on sale of investments (net)	-	-
Depreciation and Amortisation Expense	3,157,982	3,789,680
Preliminary Expenditure Written Off	-	-
Other Income	(544,036)	(312,725)
Finance Costs	4,984,658	3,532,298
Effect on Exchange Rate Change	-	-
	<b>9,417,110</b>	<b>10,333,446</b>
(Increase)/Decrease in Trade and Other Receivables	28,219,804	(31,458,740)
(Increase)/Decrease in Inventories	(12,693,097)	(10,802,845)
Changes in Short Term Loans & Advances	(2,162,317)	(827,613)
(Increase)/Decrease in Fixed Deposits having original maturity over 3 months	2,063,847	(391,428)
Changes in Other Current Assets	52,752	1,091,792
(Increase)/Decrease in Trade Payables	(19,580,956)	31,570,033
(Increase)/Decrease in Other Current Liab. /Short Term Prov.	(2,330,364)	(614,934)
<b>Cash generated from Operations</b>	<b>2,986,779</b>	<b>(1,100,289)</b>
Direct Taxes paid	-	-
<b>Net Cash from Operating activities</b>	<b>2,986,779</b>	<b>(1,100,289)</b>
<b>B. Cash Flow from Investing Activities</b>		
(Purchase) / Sale of Fixed Assets (Net)	(877,790)	(1,599,103)
Capital Work-in-progress	-	-
(Purchase) / Sale of Investments (Net)	-	-
Acquisition of Companies	-	-
Changes in Long Term Loans & Advances	1,197,035	246,264
Changes in Other Non Current Assets	(1,129,378)	(900,463)
(Increase)/Decrease in Other Long Term Liab. / Long Term Prov.	-	-
Other Income	544,036	312,725
Cash Flow before exceptional items	(266,097)	(1,940,577)
Exceptional Items	-	-
<b>Net Cash from Investment Activities</b>	<b>(266,097)</b>	<b>(1,940,577)</b>
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from issue of Share Capital/ Share Application Money	-	-
Proceeds / (Repayment) from Long Term Borrowings	-	(55,198)
Proceeds / (Repayment) from Short Term Borrowings	1,440,067	11,074,498
Finance Costs	(4,984,658)	(3,532,298)
Dividends Paid	(703,800)	(703,800)
Dividend tax paid	(119,611)	(114,174)
Effect on Exchange Rate Change	-	-
<b>Net cash used in financing activities</b>	<b>(4,368,002)</b>	<b>6,669,028</b>
<b>Net (Decrease) / Increase in cash and cash equivalents</b>	<b>(1,647,320)</b>	<b>3,628,162</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>3,954,496</b>	<b>326,334</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>2,307,176</b>	<b>3,954,496</b>
<b>Short Term Bank Deposits</b>	<b>554,831</b>	<b>2,618,678</b>
<b>Cash and Bank Balances at the end of the year</b>	<b>2,862,007</b>	<b>6,573,174</b>

- 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 : 29.05.2014

## for and on behalf of the Board of Directors

Sd/-

**P. Venkateswara Rao**

Director

Sd/-

**G. Siva**

Chief Financial Officer

Sd/-

**V. Rajam Raju**

Executive Director

Sd/-

**Shilpa Kotagiri**

Company Secretary

# Notes forming part of Financial Statements As At 31.03.2014



## Note No. 1 : SHARE CAPITAL

Amount in ₹

SI No.	Particulars	As At 31.03.2014		As At 31.03.2013	
		Number	Amount	Number	Amount
	<b>Authorised</b>				
(i)	Equity Shares of ₹10/- each with Voting Rights	8,000,000	80,000,000	8,000,000	80,000,000
	<b>Issued, Subscribed and Paid up</b>				
(i)	Equity Shares of ₹10/- each fully paid up with Voting Rights	7,038,000	70,380,000	7,038,000	70,380,000
	<b>Total</b>	<b>7,038,000</b>	<b>70,380,000</b>	<b>7,038,000</b>	<b>70,380,000</b>

### (a) Reconciliation of number of shares:

SI No.	Particulars	As At 31.03.2014		As At 31.03.2013	
		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 31.03.2014 Amount in ₹		As At 31.03.2013 Amount in ₹	
		No. of Shares Held	% of Holding	No. of Shares Held	% of Holding
	<b><u>Equity Shares with Voting Rights</u></b>				
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	Gottumukkala 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 31.03.2014 Amount in ₹	No. of shares As At 31.03.2013 Amount in ₹
		Nil	Nil

**Note No : 2 Reserves & Surplus**

Particulars	As At 31.03.2014 Amount in ₹	As At 31.03.2013 Amount in ₹
Profit and Loss Account As per last Balance Sheet	14,983,022	13,503,978
(+) Net Profit for the current year	1,611,878	2,297,018
(+) Transfer from Reserves	-	-
(-) Proposed Dividends	703,800	703,800
(-) Tax on Dividend	119,611	114,174
(-) Interim Dividends	-	-
<b>Total</b>	<b>15,771,489</b>	<b>14,983,022</b>

**Note No : 3 Share Application money pending allotment** - -

**Note No : 4 Long Term Borrowings**

Particulars	As At 31.03.2014 Amount in ₹	As At 31.03.2013 Amount in ₹
Secured		
Term Loans from Banks	-	-
Vehicle Loans from Banks	-	-
Unsecured	-	-
	-	-

**Note No : 5 Other Longterm Liabilities**

Particulars	As At 31.03.2014 Amount in ₹	As At 31.03.2013 Amount in ₹
Other Liabilities	-	-
	-	-

**Note No : 6 Long Term Provisions**

Particulars	As At 31.03.2014 Amount in ₹	As At 31.03.2013 Amount in ₹
Provisions - Others	-	-
	-	-

**Note No : 7 Short Term Borrowings**

Particulars	As At 31.03.2014 Amount in ₹	As At 31.03.2013 Amount in ₹
Secured		
Loans repayable on demand from Banks *	24,609,423	23,169,356
Loans repayable on demand from Others	-	-
Unsecured		
Loans from Related Parties	-	-
Other Loans and Advances	-	-
	<b>24,609,423</b>	<b>23,169,356</b>

Working Capital loans are secured by hypothecation of Stocks & Receivables and all chargeable current assets of the Company (For details Refer Note No. 37)

**Note No : 8 Trade Payables**

Particulars	As At 31.03.2014 Amount in ₹	As At 31.03.2013 Amount in ₹
Dues to Micro, Small and Medium Enterprises *	-	-
Dues to Others	17,299,148	36,880,104
	<b>17,299,148</b>	<b>36,880,104</b>

\* 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 31.03.2014 Amount in ₹	As At 31.03.2013 Amount in ₹
<u>Current Maturities of Long Term Debt (Secured)</u>		
Termloans from Banks	-	-
Vehicle Loans from Banks	-	55,198
Interest Accrued & Due on Borrowings *	-	219
Advances received from Customers	34,832	1,147,920
Other Payables**	4,797,547	5,164,343
	<b>4,832,379</b>	<b>6,367,680</b>

* Interest Accrued & Due on Borrowings consists of:		
On Working Capital Loans	-	-
On Vehicle Loans	-	219
** Other Payables include		
Statutory Liabilities	1,366,057	1,966,452
Rent Creditors	510,476	328,403
Expenses Payable	2,921,014	2,869,488

**Note No : 10 Short Term Provisions**

Particulars	As At 31.03.2014 Amount in ₹	As At 31.03.2013 Amount in ₹
Provisions - Others:		
Provision for Taxes	695,610	1,155,790
Provision for proposed dividend	703,800	703,800
Provision for tax on proposed dividends	119,611	114,174
	<b>1,519,021</b>	<b>1,973,764</b>

**Note No. : 11 Fixed Assets**

(Amount INR)

S. No.	Particulars	Gross Block							Other Adj.	" Balance As At 31.03.2014
		Balance As At 01.04.2013	Additions	Disposals	Acquisitions through business combinations	Reclassified as held for sale	Revaluation increase	Effect of foreign exchange differences	Borrowing cost capitalised	
		1	2	3	4	5	6	7	8	9
										10 = 1+2-3+4-5 +6-7+8-9
<b>A</b>	<b>Tangible assets :</b>									
(a)	Computers & Software									
	Owned	14,287,862	52,562	-	-	-	-	-	-	14,340,424
	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	62,800	-	-	-	-	-	-	582,050
	Taken under finance lease	-	-	-	-	-	-	-	-	-
	Given under operating lease	-	-	-	-	-	-	-	-	-
(d)	Electrical Fittings									
	Owned	647,411	-	-	-	-	-	-	-	647,411
	Taken under finance lease	-	-	-	-	-	-	-	-	-
	Given under operating lease	-	-	-	-	-	-	-	-	-
(e)	Office Equipment									
	Owned	1,306,166	-	-	-	-	-	-	-	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	-	-	-	-	-	-	-	-	-
<b>Total (A)</b>		<b>25,242,839</b>	<b>115,362</b>							<b>25,358,201</b>
<b>Previous Year</b>		<b>(23,863,461)</b>	<b>(1,379,378)</b>							<b>(25242,839)</b>
<b>B</b>	<b>Intangible assets</b>									
<b>Total (B)</b>		<b>19,123,489</b>	<b>762,428</b>							<b>19,885,917</b>
<b>Previous Year</b>		<b>(18,903,764)</b>	<b>(219,725)</b>							<b>(19,123,489)</b>
<b>Grand Total (A + B)</b>		<b>44,366,328</b>	<b>877,790</b>							<b>45,244,118</b>

**Note No. : 11 Fixed Assets**

(Amount INR)

S. No.		Particulars	Accumulated depreciation and impairment								Net Block	
		Balance As At 01.04.2013	Depreciation amortisation expense for the year	Eliminated on disposal of assets	Eliminated on reclassi- fication 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 31.03.2014	Balance As At 31.03.2014	Balance As At 31.03.2013	
		11	12	13	14	15	16	17	18 =sum(11-17)	19=(10-18)	20=(1-11)	
A												
(a)	<b>Tangible assets :</b>											
	Computers & Software											
	Owned	11,549,030	657,275	-	-	-	-	-	12,206,305	2,134,119	2,738,832	
	Taken under finance lease	-	-	-	-	-	-	-	-	-	-	
	Given under operating lease	-	-	-	-	-	-	-	-	-	-	
(b)	Furniture and Fixtures											
	Owned	1,570,860	130,976	-	-	-	-	-	1,701,836	1,031,141	1,162,117	
	Taken under finance lease	-	-	-	-	-	-	-	-	-	-	
	Given under operating lease	-	-	-	-	-	-	-	-	-	-	
(c)	Air Conditioners											
	Owned	201,011	35,035	-	-	-	-	-	236,046	346,004	318,239	
	Taken under finance lease	-	-	-	-	-	-	-	-	-	-	
	Given under operating lease	-	-	-	-	-	-	-	-	-	-	
(d)	Electrical Fittings											
	Owned	180,555	40,982	-	-	-	-	-	221,537	425,874	466,856	
	Taken under finance lease	-	-	-	-	-	-	-	-	-	-	
	Given under operating lease	-	-	-	-	-	-	-	-	-	-	
(e)	Office Equipment											
	Owned	625,865	62,045	-	-	-	-	-	687,910	618,256	680,301	
	Taken under finance lease	-	-	-	-	-	-	-	-	-	-	
	Given under operating lease	-	-	-	-	-	-	-	-	-	-	
(f)	Vehicles											
	Owned	3,128,160	420,994	-	-	-	-	-	3,549,154	2,200,022	2,621,013	
	Taken under finance lease	-	-	-	-	-	-	-	-	-	-	
	Given under operating lease	-	-	-	-	-	-	-	-	-	-	
	<b>Total (A)</b>	<b>17,255,481</b>	<b>1,347,307</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,602,788</b>	<b>6,755,416</b>	<b>7,987,358</b>	
	<b>Previous Year</b>	<b>(15,703,594)</b>	<b>(1,551,887)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(17,255,481)</b>	<b>(7,987,358)</b>	<b>(8,159,867)</b>	
B												
	<b>Intangible assets</b>											
	Owned	10,355,648	1,810,675	-	-	-	-	-	12,166,323	7,719,594	8,767,841	
	Taken under finance lease	-	-	-	-	-	-	-	-	-	-	
	Given under operating lease	-	-	-	-	-	-	-	-	-	-	
	<b>Total (B)</b>	<b>10,355,648</b>	<b>1,810,675</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,166,323</b>	<b>7,719,594</b>	<b>8,767,841</b>	
	<b>Previous Year</b>	<b>(8,117,855)</b>	<b>(2,237,793)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(10,355,648)</b>	<b>(8,767,841)</b>	<b>(8,159,867)</b>	
C												
	<b>Capital Work in Progress</b>											
	Owned	-	-	-	-	-	-	-	-	-	-	
	Taken under finance lease	-	-	-	-	-	-	-	-	-	-	
	Given under operating lease	-	-	-	-	-	-	-	-	-	-	
	<b>Grand Total (A + B + C)</b>	<b>27,611,128</b>	<b>3,157,982</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,769,111</b>	<b>14,475,010</b>	<b>16,755,199</b>	

**Note No : 12 Non Current Investments**

Particulars	As At 31.03.2014 Amount in ₹	As At 31.03.2013 Amount in ₹
<b>A. Trade Investments</b>		
<b>B. Other Investments</b>		
<b>Quoted</b>		
<b>Unquoted</b>		
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	-	-
<b>Grand Total</b>	<b>5,380,000</b>	<b>5,380,000</b>

**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 31.03.2014 Amount in ₹	As At 31.03.2013 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)	1,446,931	2,643,966
(g) MAT Credit Entitlement	-	-
(h) Balances with Government Authorities	-	-
(i) Other Loans & Advances	4,009,500	4,009,500
Secured, considered good	-	-
Unsecured, considered good	-	-
(j) Doubtful	-	-
	<b>5,456,431</b>	<b>6,653,466</b>
Less: Provision for other doubtful loans & advances	-	-
	<b>5,456,431</b>	<b>6,653,466</b>
<b>Note: Long Term Loans &amp; Advances include amounts due from</b>		
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 31.03.2014 Amount in ₹	As At 31.03.2013 Amount in ₹
(a) Other Non-current Assets		
Fixed Deposits *	1,730,073	1,220,087
Electricity Deposits	95,897	95,897
Rent Deposit	2,803,160	2,854,160
Telephone Deposit	24,745	24,745
Sales Tax Appeal Deposit	-	66,387
Retention Money	4,577,613	3,840,834
Other Deposits**	4,300	4,300
	<b>9,235,788</b>	<b>8,106,410</b>
Other Deposits include**		
Internet Deposit	1,000	1,000
Gas Deposit	3,300	3,300

\* Deposits include Rs. 12,55,854/- (Previous Year Rs.7,21,872/-) 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 31.03.2014 Amount in ₹	As At 31.03.2013 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) *	43,968,949	31,275,852
Goods-in-transit	-	-
(e) Stores and spares	-	-
Goods-in-transit	-	-
(f) Loose tools	-	-
Goods-in-transit	-	-
(g) Others (Specify nature)	-	-
Goods-in-transit	-	-
	<b>43,968,949</b>	<b>31,275,852</b>

\* **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 31.03.2014 Amount in ₹	As At 31.03.2013 Amount in ₹
Trade receivables outstanding for a period exceeding six months		
Secured, considered good	-	-
Unsecured, considered good	21,044,790	20,454,278
Doubtful	-	-
Trade receivables outstanding for a period less than six months		
Secured, considered good	-	-
Unsecured, considered good *	24,278,637	53,088,953
Doubtful	-	-
	<b>45,323,427</b>	<b>73,543,231</b>
Less: Provision for doubtful trade receivables	-	-
	<b>45,323,427</b>	<b>73,543,231</b>
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 Rs.1,28,75,877/- (Previous Year ₹1,27,04,464/-)

**Note No : 17 Cash and Bank Balances**

Particulars	As At 31.03.2014 Amount in ₹	As At 31.03.2013 Amount in ₹
(a) Cash and Cash Equivalents		
(i) Balances with banks; In Current Accounts	55,605	234,071
(ii) Cheques, drafts on hand	2,134,905	3,656,263
(iii) Cash on hand	116,666	64,162
(b) Other Bank balances In Deposit Accounts **	554,831	2,618,678
	<b>2,862,007</b>	<b>6,573,174</b>

\*\* Deposits include Rs. 283,000/- (Previous Year Rs. 24,72,417/-) 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 31.03.2014 Amount in ₹	As At 31.03.2013 Amount in ₹
(a) Loans & Advances to related parties	-	-
(b) Security deposits	958,509	232,950
(c) Loans and advances to employees		
Secured, considered good	3,764,859	2,740,570
Unsecured, considered good	-	-
Doubtful	-	-
(d) Prepaid expenses -Unsecured, considered good **	703,697	374,387
(e) Balances with government authorities		
Unsecured, considered good		
Advance Tax and TDS	1,436,637	1,631,185
Service Tax Input / Input VAT	65,836	46,368
(f) Inter-corporate deposits	-	-
(g) MAT Credit entitlement - Unsecured, considered good	-	-
(h) Other Loans & Advances ***		
Secured, considered good		
Unsecured, considered good	738,295	480,056
Doubtful	-	-
	<b>7,667,833</b>	<b>5,505,516</b>
Less: Provision for other doubtful loans and advances	-	-
	<b>7,667,833</b>	<b>5,505,516</b>

**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	738,295	471,585
Advance for Expenses	-	8,471

**Note No : 19 Other Current Assets**

Particulars	As At 31.03.2014 Amount in ₹	As At 31.03.2013 Amount in ₹
(a) Unbilled revenue	-	-
(b) Unamortised expenses	-	-
(c) Accruals	-	-
(d) Other Current Assets *	228,756	281,508
	<b>228,756</b>	<b>281,508</b>
* Other Current Assets include Interest Accrued But Not due on FDs	228,756	281,508

**Note No. : 20 Revenue from operations**

Particulars	As At 31.03.2014 Amount in ₹	As At 31.03.2013 Amount in ₹
Sale of products		
Domestic	193,548,252	163,839,781
Export	-	-
Other Operating Revenues	-	-
Service Income		
Domestic	17,594,650	18,479,972
Export	20,641,105	29,686,188
	<b>231,784,007</b>	<b>212,005,941</b>
<b>Sales of traded goods under broad heads:</b>		
<b>Description</b>	<b>FY 2013-14</b>	<b>FY 2012-13</b>
Computers & Peripherals	193,548,252	163,511,129
Metals & Minerals	-	328,652
<b>Total</b>	<b>193,548,252</b>	<b>163,839,781</b>
<b>Services rendered under broad heads:</b>		
<b>Description</b>	<b>FY 2013-14</b>	<b>FY 2012-13</b>
Annual Maintenance Contract Services	8,033,944	17,934,098
Consultancy Services	9,560,706	545,874
IT Engineering Services	20,641,105	29,686,188
<b>Total</b>	<b>38,235,755</b>	<b>48,166,160</b>

**Note No. : 21 Other income**

Particulars	As At 31.03.2014 Amount in ₹	As At 31.03.2013 Amount in ₹
Interest on Fixed Deposits	143,243	312,725
Interest on Others	173,838	-
Other Income	226,955	
	<b>544,036</b>	<b>312,725</b>

**Note No : 22 Purchase of Stock -in- Trade**

Particulars	As At 31.03.2014 Amount in ₹	As At 31.03.2013 Amount in ₹
Purchase of Material	190,912,005	170,671,810
Transport Charges/Labour Charges/ AMC Charges	116,130	138,271
	<b>191,028,135</b>	<b>170,810,081</b>

**Purchases of traded goods under broad heads:**

Description	FY 2013-14	FY 2012-13
Computers & Peripherals	190,912,005	170,401,480
Metals & Minerals	-	270,330
<b>Total</b>	<b>190,912,005</b>	<b>170,671,810</b>

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

Particulars	As At 31.03.2014 Amount in ₹	As At 31.03.2013 Amount in ₹
<u>Inventories at the end of the year:</u>		
Finished goods (acquired for trading)	43,968,949	31,275,852
Work-in-progress	-	-
Stock-in-trade	-	-
	43,968,949	31,275,852
<u>Inventories at the beginning 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
<b>Net increase / (decrease)</b>	<b>12,693,097</b>	<b>10,802,845</b>

**Note No : 24 Employee benefit expenses**

Particulars	As At 31.03.2014 Amount in ₹	As At 31.03.2013 Amount in ₹
Salaries and Wages	25,718,999	21,138,473
Directors Remuneration	3,780,000	3,780,000
Contribution to provident and other funds *	1,540,867	1,365,367
Staff Welfare Expenses	111,784	120,980
	<b>31,151,650</b>	<b>26,404,820</b>

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



**Note No : 25 Finance costs**

Particulars	As At 31.03.2014 Amount in ₹	As At 31.03.2013 Amount in ₹
Interest Expense		
Interest	3,945,901	2,628,341
Interest on others *	128,122	57,802
Other Borrowing Costs:		-
Loan Processing Charges	541,673	485,000
Other Finance Expenses		-
Bank charges	368,962	361,155
	<b>4,984,658</b>	<b>3,532,298</b>

\* includes Interest on TDS Payable & Payment to suppliers

**Note No : 26 Other Expenses**

Particulars	As At 31.03.2014 Amount in ₹	As At 31.03.2013 Amount in ₹
Advertisement	106,110	96,446
Audit Fee	100,000	100,000
Business Promotion Exp.	373,339	367,971
Commission	1,500,540	817,928
Communication Expenses	594,407	612,950
Conveyance	560,438	493,343
Power and Fuel	670,082	763,455
Fees and taxes	614,828	125,645
Forex Loss on Export Sale	38,489	205,930
Office & General Exp	589,693	831,162
Insurance	426,663	365,069
ISO charges	17,500	52,500
Legal and Professional exp.	2,273,017	4,516,337
Printing and stationery	150,264	151,366
Postage and Telegram	16,305	54,374
Rent	2,232,600	2,885,740
Repairs and Maintenance	1,823,200	1,735,518
STPI Service charges	55,000	55,000
Travelling Expenses	592,551	915,778
Vehicle Maintenance	145,183	113,927
	<b>12,880,209</b>	<b>15,260,439</b>

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

### **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 31.03.2014 Amount in ₹	As At 31.03.2013 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 / (Deferred Tax Asset) (Net)**

Particulars	As At 31.03.2014 Amount in ₹	As At 31.03.2013 Amount in ₹
On account of Depreciation and Amortisation	(133,690)	52,535

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 2013-14				FY 2012-13			
		KMP	Relative of Director	Associate	Total	KMP	Relative of Director	Associate	Total
1	Directors Remuneration / Salary	3,780,000	256,500	-	4,036,500	3,780,000	342,000	-	4,122,000
2	Rent	-	-	240,000	240,000	-	-	240,000	240,000

**Balances with Related Parties As At 31.03.2014:**

S. No	Nature of Transaction	FY 2013-14				FY 2012-13			
		KMP	Relative of Director	Associate	Total	KMP	Relative of Director	Associate	Total
1	Rent Deposit	-	-	2,000,000	2,000,000	-	-	2,000,000	2,000,000

**Disclosure in respect of material transactions during the year:**

(Amount in ₹)

SI No	Particulars	FY 2013-14	FY 2012-13
1	<b><u>Directors Remuneration / Salary</u></b>		
	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	28,500	114,000
2	<b><u>Rent</u></b>		
	Reliance Tea Pvt Ltd	240,000	240,000
3	<b><u>Rent Deposits</u></b>		
	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".



Particulars	Software Development Service		Hardware Sales & Service		Metals & Minerals		Consolidated Total	
	As At 31.03.2014	As At 31.03.2013	As At 31.03.2014	As At 31.03.2013	As At 31.03.2014	As At 31.03.2013	As At 31.03.2014	As At 31.03.2013
<b>Revenue</b>								
<b>Exports</b>								
External Sales	20,641,105	29,686,188	-	-	-	-	20,641,105	29,686,188
Inter Segment Sales	-	-	-	-	-	-	-	-
<b>Domestic</b>								
External Sales	-	-	211,142,902	181,991,101	-	328,652	211,142,902	182,319,753
Inter Segment Sales	-	-	-	-	-	-	-	-
<b>Total Revenue</b>	<b>20,641,105</b>	<b>29,686,188</b>	<b>211,142,902</b>	<b>181,991,101</b>	<b>-</b>	<b>328,652</b>	<b>231,784,007</b>	<b>212,005,941</b>
<b>Results</b>								
Segment result	(135,960)	7,900,777	5,356,331	(157,685)	-	(2,103,283)	5,220,371	5,639,809
Unallocated corporate expenses							-	-
Operating profit							<b>5,220,371</b>	<b>5,639,809</b>
Interest expense							(3,945,901)	(2,628,341)
Other income							544,036	312,725
Income taxes							(206,628)	(1,027,175)
Profit from ordinary activities							1,611,878	2,297,018
Extraordinary losses;							-	-
Profit for the Year							<b>1,611,878</b>	<b>2,297,018</b>
<b>Assets:</b>								
Segment assets	40,499,088	45,503,260	88,930,641	97,435,657	-	2,740,016	129,429,729	145,678,933
Unallocated corporate assets							5,168,472	8,395,424
Total assets							<b>134,598,201</b>	<b>154,074,357</b>
<b>Liabilities:</b>								
Segment liabilities	1,491,227	1,624,112	20,640,300	41,516,480	-	107,192	22,131,527	43,247,784
Unallocated corporate liabilities							112,466,674	110,826,573
Total liabilities							<b>134,598,201</b>	<b>154,074,357</b>
<b>Other Information:</b>								
Capital Expenditure	851,750	1,353,670	26,040	245,433	-	-	877,790	1,599,103
Depreciation	2,590,257	3,104,315	567,725	677,331	-	8,034	3,157,982	3,789,680
Non Cash Expenditure otherthan Depreciation (Allocable)	-	-	-	-	-	-	-	-
"Non Cash Expenditure otherthan Depreciation (Unallocable)"	-	-	-	-	-	-	-	-

**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 31.03.2014 Amount in ₹	As At 31.03.2013 Amount in ₹
Net Profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders (INR)	1,611,878	2,297,018
No of Equity shares	7,038,000	7,038,000
Basic and Diluted Earnings per share (INR)	0.23	0.33
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 31.03.2014 Amount in ₹	As At 31.03.2013 Amount in ₹
From Engineering Services	21,266,497	29,144,348
From Software Development	-	-
<b>Total Earnings from Foreign Currency</b>	<b>21,266,497</b>	<b>29,144,348</b>

**Note No. : 34 Expenditure in foreign currency**

Particulars	As At 31.03.2014 Amount in ₹	As At 31.03.2013 Amount in ₹
For Foreign Travel	261,411	127,214
for Commission on Sales	1,353,507	912,266
Purchase Import	-	19,487,325
Bank Charges	93,211	84,643
	<b>1,708,129</b>	<b>20,611,448</b>

**Note No. : 35 Tax Expense**

Particulars	As At 31.03.2014 Amount in ₹	As At 31.03.2013 Amount in ₹
The Tax Expenses for the year comprises of;		
Income Tax	695,610	974,640
Current Year	695,610	974,640
Less : MAT Credit	-	-
Deferred Tax	(133,690)	52,535

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

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

Particulars	As At 31.03.2014 Amount in ₹	As At 31.03.2013 Amount in ₹
Future minimum lease payments not later than one year	1,774,126	2,190,806
later than one year and not later than five years	116,850	1,346,476
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	115,989	110,463
On account of Notice Period	518,939	525,200
Lease payments recognized in the Statement of Profit and Loss (net)	2,232,600	2,885,740
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 3.75% margin above the base rate which is presently 10% P.A. Present effective rate 13.75% P.A.

**Primary Security:**

Hypothecation of Stocks and Receivables and all chargeable current assets of the Company.

**Collateral Security:**

1) Hypothecation of fixed assets

2) EM of Flat No. 401, 04th Floor, Plot No. 14 & 16, SNo.93, 94 & 95 located at Madhura Nagar, Yousuf guda, Hyderabad existing in the name of Shri. V. Atchyuta Rama Raju S/o. VVS Raju

3) EM of Office Premises No. 619, 06th Floor, Maker Chambers, V Premises Co-op Soc Ltd., Plot No.221 of Backbay reclamation, Nariman Point, Mumbai - 400021. Carpet Area-434 sft in the name of Reliance Tea Private Limited

**Personal Guarantee of**

1. Shri V.Atchyuta Rama Raju, MD, S/o. Late V. Venkata Satynarayana Raju
2. Shri V. Rajam Raju, Director, S/o. Late V. Venkata Satynarayanaraju
3. Smt. V. Parvathi, Guarantor, W/o. Sri V. Rama Raju

**Terms of Repayment:**

Working Capital Loans repayable on demand.

**Note No. : 38 Contingent Liabilities**

- (a) The liability towards bank guarantees of Rs.61,29,578/- issued to various parities by the company in the course of ordinary business is partly 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

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

Sd/-

**P. Venkateswara Rao**  
Director

Sd/-

**V. Rajam Raju**  
Executive Director

Sd/-

**G. Siva**  
Chief Financial Officer

Sd/-

**Shilpa Kotagiri**  
Company Secretary

Place : Hyderabad

Date : 29.05.2014

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**VAMA INDUSTRIES LIMITED**

CIN:L72200TG1985PLC041126

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

**ATTENDANCE SLIP FOR ANNUAL GENERAL MEETING**

(to be surrendered at the venue of the meeting)

I certify that I am a registered shareholder/proxy/representative for the registered shareholder(s) of Vama Industries Limited.

I hereby record my presence at the 29th Annual General Meeting of the shareholders of Vama Industries Limited held on Thursday, the 25th Day of September, 2014 at 10.00 A.M. at Hotel Inner Circle, Raj Bhavan Road, Somajiguda, Hyderabad - 500082.

Reg. Folio No. / Client ID*	
DP ID*	
No. of Shares	

Name & Address of Member

--

\_\_\_\_\_  
Signature of Shareholder/Proxy/Representative  
(Please Specify)





**VAMA INDUSTRIES LIMITED**

CIN:L72200TG1985PLC041126

Registered Office: Ground Floor, 8-3-191/147/24, Plot No. B-12,  
Madhura Nagar, S.R. Nagar[Post], Hyderabad 500 038**Form No. MGT-11****Proxy form**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014)

CIN :	CIN:L72200TG1985PLC041126
Name of the company :	<b>VAMA INDUSTRIES LIMITED</b>
Registered office :	Ground Floor, 8-3-191/147/24, Plot No. B-12, Madhura Nagar, Hyderabad-500 038
Name of the member(s) :	
Registered Address :	
Email Id :	
Folio No / Client ID :	DP ID :

I /We, being the member(s) of \_\_\_\_\_ shares of the above named company, hereby appoint

1. Name		
Address	Signature	
E-mail Id		
or failing him		
2. Name		
Address	Signature	
E-mail Id		

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 29th Annual General Meeting of the company, to be held on Tuesday, the 25th day of September, 2014 at 10.00 A.M. at Hotel Inner Circle, Raj Bhavan Road, Somajiguda, Hyderabad - 500 082. and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolutions	For	Against
<b>Ordinary Business</b>		
1. Adoption of Balance Sheet as at March 31, 2014, the Profit and Loss Account for the year ended on that date and the reports of Board of Directors and Auditors thereon.		
2. Dividend on equity shares for the financial year 2013-14.		
3. To appoint Mr.V.Rajam Rajua as Director liable to retire by Rotation.		
4. Re-appointment of M/s.GV & Co as Statutory Auditors.		
<b>Special Business</b>		
5. Appointment of Mr.V.Ramakrishna Rao as an Independent Director.		
6. Appointment of Mr. R. Venkateswara Rao as an Independent Director.		
7. Appointment of Mr. K. Vara Prasad Raju as an Independent Director.		
8. Increase in authorised share capital from 8 crores to 9 crores		
9. Issue of 12,00,000 equity shares on preferential basis		
10. Issue of 6,00,000 warrants on preferential basis		

Signed this ..... day of ..... 2014.

Affix  
Revenue  
Stamp

Signature of shareholder : \_\_\_\_\_ Signature of Proxy holder(s) : \_\_\_\_\_

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting..



## VAMA INDUSTRIES LIMITED

Registered Office: Ground floor, 8-3-191/147/24 Plot no.B-12, Madhura nagar

S.R.nagar{Post}, Hyderabad 500 038, India

Tel: +91-40 66615534, Fax: +91 40 6661 9919

E-mail: cs@vama.co.in Website: www.vamaind.com

CIN: L72200TG1985PLC041126

### BALLOT FORM

Serial No. :

1) Name and Registered Address :  
of the Sole / First named Shareholder

(2) Name(s) of the Joint Holder(s) :  
(If any)

(3) Registered Folio No./ :  
DPID No. and Client ID No.

(4) Number of Share(s) held :

(5) I/We here by exercise my/our vote(s) in respect of the resolutions set out in the notice of the Twenty ninth Annual General Meeting (AGM) of the Company to be held on Thursday, September 25, 2014 by recording my / our assent or dissent to the said Resolutions by placing tick(✓) mark in the appropriate box below:

	Description	No. of Shares	(For) I/We assent to the Resolution	(Against) I/We dissent to the Resolution
	<b>Ordinary Business</b>			
1	Adoption of Balance Sheet as at March 31, 2014, the Profit and Loss Account for the year ended on that date and the reports of Board of Directors and Auditors thereon.			
2	Dividend on equity shares for the financial year 2013-14.			
3	To appoint Mr.V.Rajam Raju as a Director liable to retire by Rotation.			
4	Re-appointment to M/s.GV & Co as Statutory Auditors.			
	<b>Special Business</b>			
5	Appointment of Mr.V. Ramakrishna Rao as an Independent Director.			
6	Appointment of Mr. R. Venkateswara Rao as an Independent Director.			
7	Appointment of Mr. K. Vara Prasad Raju as an Independent Director.			
8	Increase in authorised share capital from 8 crores to 9 crores			
9	Issue of 12,00,000 equity shares on preferential basis			
10	Issue of 6,00,000 warrants on preferential basis			

Place: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
Signature of Shareholder

Note: Please read the instructions carefully before exercising your vote.

## PRINTED MATTER

*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