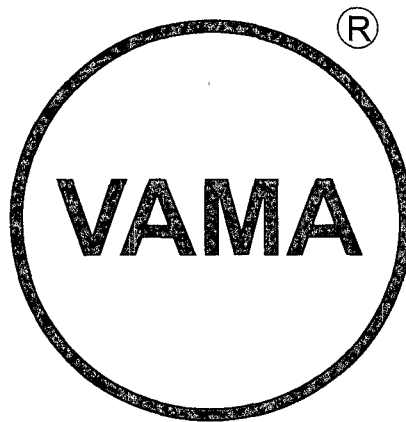


24th
Annual Report
2008 - 2009



VAMA INDUSTRIES LIMITED

**24th ANNUAL GENERAL MEETING**

Wednesday, September 30, 2009 at 10.00 A.M
at #201, Sri Sai Darsan Residency,
7-1-408 to 413, Balkampet Road,
Ameerpet, Hyderabad – 500 016
Andhra Pradesh
INDIA

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Vama Asia Pte. Ltd.

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COMPANY INFORMATION

Board of Directors

Mr. V A Rama Raju

Chairman & Managing Director

Mr. V Rajam Raju

Executive Director

Mr. Ch V Panduranga Rao

Director - Technical (resigned w.e.f. January 30, 2009)

Mr. V Rama Krishna Rao

Non - Executive and Independent Director

Mr. R Venkateswara Rao

Non - Executive and Independent Director

Mr. K Vara Prasad Raju

Non - Executive and Independent Director

COMPANY SECRETARY

Pushpa Katkuri

STATUTORY AUDITOR

Mr. Grandhi Vittal

Chartered Accountant

#2-159, Street No. 3, Vani Nagar,

Malkajigiri, Hyderabad - 500 047

INTERNAL AUDITOR

M/s. B.M. Kumar & Associates

103, Block B, 1st Floor,

126, Jaya Mansion,

S.D. Road, Secunderabad.

BANKERS

State Bank of India, Balkampet, Hyderabad

ICICI Bank Ltd., Begumpet, Hyderabad

Andhra Bank, Himayat Nagar, Hyderabad

REGISTERED OFFICE

201, Sri Sai Darsan Residency,

7-1-408 to 413, Balkampet Road,

Ameerpet, Hyderabad – 500 016,

Tel: +91-40- 66615534 / 66619919

Fax: +91-40-23708672

Website: www.vamaind.com

CORPORATE OFFICE

7-1-24/2/D, Greendale

Beside Green Park Hotel,

Ameerpet, Hyderabad – 500 016

Tel: +91-40- 66845534

Fax: +91-40-23733810

ADMINISTRATIVE OFFICE

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

RSC-8, Charkop, Kandivali (West)

MUMBAI- 400 067

Board Committees

Audit Committee

Mr. V Ramakrishna Rao - Chairman

Mr. R Venkateswara Rao - Member

Mr. K Vara Prasad Raju - Member

REGISTRARS & SHARE TRANSFER AGENTS

M/s Bigshare Services Private Limited

G-10, Left Wing, Amrutha Ville,

Somajiguda, Rajbhavan Road,

Hyderabad – 500 082

Shareholders' Grievance & Share Transfer Committee

Mr. R Venkateswara Rao - Chairman

Mr. K Vara Prasad Raju - Member

Mr. V A Rama Raju - Member

LISTED AT

Bombay Stock Exchange Limited, Mumbai

Remuneration Committee

Mr. R Venkateswara Rao - Chairman

Mr. V. Ramakrishna Rao - Member

Mr. K. Vara Prasad Raju - Member



NOTICE

Notice is hereby given that the Twenty Fourth ANNUAL GENERAL MEETING of Vama Industries Limited will be held at the Registered Office of the Company at #201, Sri Sai Darsan Residency, 7-1-408 to 413, Balkampet Road, Ameerpet, Hyderabad – 500 016 on Wednesday, September 30, 2009 at 10:00 A.M. to transact the following items of business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2009 and the Profit and Loss account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare Final Dividend on equity shares.
3. To appoint a Director in place of Mr. V. Rajam Raju, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. R. Venkateswara Rao, who retires by rotation and being eligible, offers himself for reappointment
5. To consider and if thought fit, to pass with or without modification, the following resolution as ORDINARY RESOLUTION:

“RESOLVED THAT Mr. Grandhi Vittal, Chartered Accountant be and is hereby re-appointed as Auditor of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be fixed by the Board of Directors of the Company.”

By Order of the Board of Directors

Sd/-
Pushpa Katkuri
Company Secretary

Place: Hyderabad
Date: 27.08.2009



NOTES:

- (i) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN THE MEETING. AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
- (ii) Members/proxies should bring duly-filled Attendance Slips sent herewith to attend the meeting.
- (iii) The Register of Members and Share Transfers Books will remain closed from September 27, 2009 to September 30, 2009 (both days inclusive).
- (iv) The Statutory Registers (Register under Section 307 and Section 301 of the Companies Act, 1956) will be made available at the venue of the meeting.
- (v) Members are requested to quote their Registered Folio No or Demat Account No and Depository Participant Identification Number (DPID No) on all correspondence with the company.
- (vi) Dividend, if declared, at the Annual General Meeting, shall be paid by way of Demand Drafts / ECS to those members, whose names appear in the Register of Members on close of business hours on September 26, 2009. In respect of shares held in electronic form, the dividend shall be paid on the basis of beneficial ownership details to be furnished for this purpose by NSDL / CDSL.
- (vii) Members whose shareholding is in the electronic mode are requested to direct change of address notifications and updations of bank account details to their respective Depository participants.
- (viii) Members are requested to address all communication relating to shares to the Company's Share Transfer Agents, Bigshare Services Private Limited, G-10, Left Wing, Amrutha Ville, Somajiguda, Rajbhavan Road, Hyderabad – 500 082, India.
- (ix) The information pursuant to Clause 49 of the Listing Agreement with respect to the details of Directors seeking appointment/ re-appointment in this Annual General Meeting as given under the head "Additional Information" is hereunder.

**Additional Information**

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

1. **Name** : **Mr. V. Rajam Raju**
Date of Birth : May 10, 1967
Date of appointment : June 23, 2003
Expertise : Rich and varied experience in execution of business operations and client relationship management.
- Qualification : Master of Engineering (Mechanical) with a specialization in production engineering.
- Directorship held in other Public Companies (excluding foreign companies) : Nil
- Membership / Chairmanship of Committees of other Public Companies : Nil
- No. of shares held in the Company as on March 31, 2009 : 11,80,500 equity shares
2. **Name** : **Mr. R. Venkateswara Rao**
Date of Birth : June 15, 1962
Date of appointment : May 07, 2004
Expertise : Rich experience in senior management and operating positions.
- Qualification : Bachelor of Engineering (Mechanical)
- Directorship held in other Public Companies (excluding foreign companies) : Nil
- Membership / Chairmanship of Committees of other Public Companies : Nil
- No. of shares held in the Company as on March 31, 2009 : Nil

By Order of the Board of Directors

Sd/-

Pushpa Katkuri
Company Secretary

Place : Hyderabad
Date : 27.08.2009

**DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting the 24th Annual Report along with the Audited Accounts for the year ended March 31, 2009.

FINANCIAL HIGHLIGHTS

(Rs. in lakhs)

Particulars	Financial Year	
	2008-2009	2007-2008
Turnover	806.86	720.24
Other Income	18.19	4.94
Increase/Decrease in Inventories	1.35	1.36
Total Income	826.39	726.54
Profit before Interest, Depreciation and Tax	126.61	79.61
Less: (i) Interest	2.08	1.89
(ii) Depreciation	80.24	37.02
Profit before Tax	44.29	40.70
Less: Provision for Tax		
- Current	15.41	11.10
- Deferred	(0.26)	1.07
- Fringe Benefit Tax	1.99	1.31
Profit After Tax	27.14	27.23
Less: Appropriations		
a) Proposed Dividend	14.08	14.08
b) Tax on Proposed Dividend	2.39	2.39
Balance Carried to Balance Sheet	10.67	10.76
Earning Per Share (EPS)	0.39	0.39

REVIEW OF PERFORMANCE

During the financial year 2008-2009 the income by way of operations showed a reasonable increase and stood at Rs.806.86 lakhs when compared to Rs. 720.24 lakhs for the financial year 2007-2008. The above revenue includes income from Software Development- & Services of Rs. 430.88 lakhs (previous year Rs 387.97 lakhs) and from Product/Hardware Sales & Services of Rs. 375.98 lakhs (previous year Rs. 332.27 lakhs). Further your Company convincingly fetched Profit before tax of Rs.44.29 lakhs for the financial year 2008-2009 as against Rs.40.70 lakhs for the previous financial year 2007-2008. The Net profit (after tax) for the financial year 2008-09 stood at Rs. 27.14 lakhs as against Rs. 27.23 lakhs for the previous financial year.

DIVIDEND

Your directors are pleased to recommend a dividend of Re 0.20 per Equity Share on 70,38,000 fully paid Equity Shares of Rs. 10/- each for the financial year ended March 31, 2009 (Previous year Re. 0.20 per Equity Share of Rs. 10/- each).



SUBSIDIARY

Vama Asia Pte. Ltd, is the wholly owned subsidiary of Vama Industries Limited, having its office in Singapore. For the financial year 2008-09, the company has recorded a net loss of S \$ 3,418 (previous year net loss S \$ 3,854).

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

DIRECTORS

The following Directors retire by rotation and being eligible, offer themselves for reappointment:

- ◇ Mr. V Rajam Raju, - Executive and Promoter
- ◇ Mr. R. Venkateswara Rao - Non Executive and Independent

Brief profile of the said Directors is provided elsewhere in the annual report.

Further Mr. Ch V Panduranga Rao, Director (Technical) resigned from the office of Director w.e.f January 30, 2009.

DIRECTOR'S RESPONSIBILITY STATEMENT

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

- a. the applicable accounting standards have been followed in the preparation of the annual accounts for the financial year 2008-09;
- b. the accounting policies selected were applied consistently and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of March 31, 2009 and of the Profit of the Company for the year ended on that date;
- c. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the annual accounts have been prepared on a going concern basis.

AUDITORS

The statutory auditor Mr. Grandhi Vittal, Chartered Accountant retires at this Annual General Meeting and being eligible offer himself for reappointment. Your directors recommend his reappointment as statutory auditor.

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

QUALITY

In July 2009, your Company's passion towards quality has helped in attaining Certificate of Assessment from AQA International LLC for establishing a Quality Management System in compliance with the International Quality System Standard ISO 9001:2008 (new version of Quality Management Standard).

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

**FIXED DEPOSITS**

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

LISTING & TRADING

The equity shares of the Company are listed on the Bombay Stock Exchange Limited, Mumbai. The Company has paid the listing fee for the financial year 2009-10. You may further note that the listing / trading was not suspended at any time during the Financial Year 2008-09.

EMPLOYEE PARTICULARS

Particulars of employees as required under section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975:

Name & Age	Designation	Remuneration	Qualification & Date of Employment	Experience	Previous employment
Ch. Venkata Panduranga Rao* 47 years	Director (Technical)	24,00,000.	Master of Engineering (Mechanical) May 10, 2004	25 years	Mahindra Engineering Services Ltd.

* Resigned from the office of Director (Technical) w.e.f. January 30, 2009 and subsequently was appointed as Vice President with effect from February 1, 2009 at a monthly remuneration of Rs. 2 Lakhs and Rs.2.5 Lakhs w.e.f April 1, 2009.

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

The particulars as prescribed under sub-section (1)(e) of Section 217 of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 are given in the 'Annexure A' to this report.

MANAGEMENT DISCUSSION & ANALYSIS

A report on Management Discussion & Analysis, pursuant to clause 49 of the Listing Agreement is annexed hereto as 'Annexure B'.

CORPORATE GOVERNANCE

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

ACKNOWLEDGEMENTS

Your Directors would like to express their sincere appreciation to the Banks, Financial Institutions, Central and State Governments and the Company's most valued investors for their continued co-operation and support.



Your Directors also take this opportunity to acknowledge the dedicated efforts made by employees and officers at all levels for their contribution to the success achieved by the Company.

For and on behalf of the Board

Sd/-

V A Rama Raju

Chairman & Managing Director

Place: Hyderabad
Date: 27.08.2009



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

Particulars pursuant to Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988

A) CONSERVATION OF ENERGY

a) Energy conservation measures taken:

The Company is committed for adoption of various energy saving methods for conservation of energy and has taken adequate various measures to reduce energy consumption by using energy-efficient computer systems and procuring energy efficient equipments.

b) Additional Investments and proposals, if any, being implemented for reduction of consumption of energy: Nil

c) Impact of the clause (1) and (2) above for reduction of energy consumption and consequent impact on the production of goods: Nil

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

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

The Company continues to develop state-of-the-art methods for absorbing, adapting and effectively deploying new technologies.

RESEARCH AND DEVELOPMENT

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

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

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

Expenditure on R&D	2008-09	2007-08
Capital	154.81	193.18
Recurring	NIL	NIL
Total	154.81	193.18
Total R&D Expenditure as % of total turnover	18.73	26.56

C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

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



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

Being an 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	FY 2008-09	FY 2007-08
Foreign exchange earnings	297.83	251.84
Foreign exchange outgo	7.33	11.69

For and on behalf of the Board

Sd/-

V A Rama Raju
Chairman & Managing Director

Place: Hyderabad
Date: 27.08.2009

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

Changing economic and business conditions, rapid technological innovation, proliferation of the Internet, and globalization are creating an increasingly competitive market environment that is driving corporations to transform the manner in which they operate.

The role of technology has evolved from supporting corporations to transforming them. The ability to design, develop, implement and maintain advanced technology platforms and solutions to address business and client needs has become a competitive advantage and a priority for corporations worldwide.

There is an increasing need for highly skilled technology professionals in the markets in which we operate. At the same time, corporations are reluctant to expand their internal IT departments and increase costs. These factors have increased corporations' reliance on their outsourced technology service providers and are expected to continue to drive future growth for outsourced technology services.

Increasing trend towards offshore technology services: Outsourcing the development, management and ongoing maintenance of technology platforms and solutions has become increasingly important. Companies are increasingly turning to offshore technology service providers to meet their need for high quality, cost competitive technology solutions.

B. OPPORTUNITIES, THREATS

According to a fact sheet published by NASSCOM in February 2009, broad-based growth across all the segments of IT services, BPO, Software products and engineering services, is reinforcing India's leadership as the key sourcing location for a wide range of technology related services.

According to NASSCOM Strategic Review Report 2009, IDC forecasts a cumulative annual growth rate (CAGR) of over 6.21% in worldwide IT services and IT enabled services (IT-ITeS) spending and a CAGR of over 18.79% in offshore IT spending, for the period 2007-12. The combined market for Indian IT-ITeS exports in fiscal 2009 was nearly \$60 billion.

There are several key factors contributing to the growth of IT and IT-enabled services (ITeS) in India and by Indian companies.

- ◆ India has a large and highly skilled English-speaking resource pool. According to NASSCOM Strategic Review 2009 large and growing pool of skilled professionals has been a key driver of the rapid growth in the Indian IT-ITeS sector and that India accounts for over 28% of the total suitable talent pool available across all the potential global sourcing locations.
- ◆ Outsourcing of IT and ITeS requirements to India offers significant cost advantages in terms of accessing highly skilled talent at lower cost. The NASSCOM Strategic Review 2009 indicates that companies experience cost savings of around 60-70% by outsourcing to India as compared to their source locations and suggests that cost advantage is sustainable over the long-term.
- ◆ India-based companies have proven their ability to deliver high quality services. According to NASSCOM Strategic Review Report 2009, India based companies have earned more quality certifications than any other country.

India is also a leading destination for IT enabled services. According to NASSCOM Strategic Review Report 2009, the worldwide BPO market is expected to touch \$181 billion by 2012, representing a compounded annual growth rate, or CAGR, of 11.9%.

**C. RISKS AND CONCERNS**

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

D. OUTLOOK

Due to the continued uncertainty and global economic conditions, companies continue to seek to outsource IT spending to offshore IT service providers as also to reduce costs by outsourcing their business processes to offshore service providers with a proven track record. Management believes that this has contributed to continued growth in the Group's revenues. Looking ahead into 2008-09, the Group expects to continue to grow in consolidated revenues and profits inspite of the economic crisis and recession around the world.

E. SEGMENT-WISE PERFORMANCE

As of March 31, 2009 our reportable segments, were Software Development & Services (comprising of IT and IT enabled services) and Product / Hardware Sales & Services.

Out of the total turnover, the Software Development & Services segment generated a revenue of Rs.430.88 lakhs (previous year Rs 387.97 lakhs) and the Product Sales & Services segment contributed to the tune of Rs. 376.08 lakhs (previous year Rs.332.27 lakhs). This is in tune with the consistent focus of the management, wherein it is laying more thrust on IT enabled services, which is the niche area of the Company.

F. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

The Audit Committee of the Company consisting of non-executive independent directors periodically reviews and commends the quarterly, half yearly and annual financial statements of the Company. A detailed note on the functioning of the audit committee forms part of the chapter on Corporate Governance in this Annual Report.

G. FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE.**1. Authorized Share Capital**

The Company has an authorised share capital of Rs. 800 lakhs comprising 80 lakh equity shares of Rs. 10/- each as of March 31, 2009.

**2. Paid up Share Capital**

The Company has a paid-up capital of Rs.703.80 lakhs comprising 70.38 lakhs equity shares of Rs. 10/- each as of March 31, 2009.

3. Secured Loan

During the Financial Year 2008-2009, the secured loans of the company decreased from Rs.22,63,330 to Rs. 16,56,943 primarily due to loans repayments.

4. Fixed Assets

During the year, the Company has invested Rs. 171.47 lakhs on Fixed Assets (Softwares, Computers & Peripherals and Office equipment)

5. Inventories

Inventories of the company comprises of computers and spares of IT Products. During the financial year, Inventories of the company stood at Rs. 4.28 lakhs as compared to Rs.2.93 lakhs for the previous financial year.

6. Sundry Debtors

Sundry Debtors for the current year stood at Rs.194.08 lakhs as against Rs. 154.74 lakhs for the previous year.

7. Cash and Bank balances

During the financial year, Cash and Bank balances decreased and stood at Rs.62.52 lakhs as against Rs. 100.81 lakhs for the previous financial year.

8. Revenue

During the Financial year 2008-2009, the total income stood at Rs.826.39 lakhs as compared to Rs.726.54 lakhs for the previous financial year 2007-2008, and exhibited a growth rate of 13.74%. Out of the above income, Rs.430.88 lakhs relates to Software Development & Services (Previous Year 387.97 lakhs), showing a growth rate of 11.06% and Rs. 375.98 lakhs relate to Product/Hardware sales & services (previous year Rs. 332.27lakhs) showing a growth rate of 13.15%.

H. HUMAN RESOURCES

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

The Company also keeps an eye on the attrition levels and draws up appropriate plans to ensure the employees at all levels find an environment that encourages performance and transparency in performance appraisal. No. of employees as of March 31, 2009: 126.

**COMPANY'S PHILOSOPHY**

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

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

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

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

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

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

BOARD OF DIRECTORS**Composition of the Board**

As of March 31, 2009, VAMA's Board consists of 5 members. Out of these, two are Executive Directors, including the Chairman and Managing Director who is also the Promoter of the Company. The Board of Directors of the Company has an optimum combination of Executive and Non-executive Directors with three Independent Non-executive Directors. The Chairman is an Executive Promoter Director and the number of Independent Non-executive directors is 50% or above of the Board strength at any point of time.

Board Meetings

The Board of Directors, during the financial year ended March 31, 2009, met five times and the gap between two board meetings did not exceed four months. None of the Directors on the Board is a member in more than 10 Committees and none of them acts as Chairman of more than five committees across all companies in which he is a Director.

During the year, the Board met five times on the following dates:

- ◆ April 30, 2008,
- ◆ July 31, 2008,
- ◆ August 26, 2008,
- ◆ October 30, 2008 and
- ◆ January 30, 2009.

Director's attendance and other Directorships held

The following table gives details of Director's attendance and Directorship held in other companies.



Sl. No.	Name	Category	Designation	No of Meetings during the year		No of Memberships in other companies (excluding private limited Companies)		Attendance at previous AGM
				Held	Attended	Boards	Committes	
1	Mr. V. A. Rama Raju	Promoter & Executive	Chairman & Managing Director	5	5	Nil	Nil	Yes
2	Mr. V. Rajam Raju	Promoter & Executive	Executive Director	5	5	Nil	Nil	Yes
3	Mr. Ch. V. Panduranga Rao*	Promoter & Executive	Director (Technical)	5	3	Nil	Nil	Yes
4	Mr. R Venkateswara Rao	Independent & Non- Executive	Director	5	5	Nil	Nil	Yes
5	Mr. K Vara Prasad Raju	Independent & Non- Executive	Director	5	5	Nil	Nil	Yes
6	Mr. V Ramakrishna Rao	Independent & Non- Executive	Director	5	5	Nil	Nil	Yes

* Resigned from the office of the Director w.e.f. January 30, 2009

BOARD COMMITTEES

The Company has three Board-level Committees – Audit Committee, Remuneration Committee, Investor's Grievance and Share Transfer Committee. Details on the role and responsibilities of these Committees, including the number of meetings held during the financial year and the related attendance, are provided below:

With effect from April 29, 2009 the above committees were re-named/re-constituted as under:

1. Audit Committee
2. Remuneration Committee
3. Shareholders / Investor Grievance Committee

AUDIT COMMITTEE

As of March 31, 2009, the Audit committee consists purely of independent and non-executive directors, all of whom are financially literate and provides assistance to the Board of directors in fulfilling its oversight responsibilities. The Audit committee has been entrusted with the responsibilities as laid down under Clause 49 of the Listing Agreement, to the extent applicable and required.

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



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

The functions of Audit Committee include:

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

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

- ◆ Investigate any activity within its terms of reference.
- ◆ Seek information from any employee



- ◆ Obtain outside legal or other professional advice.
- ◆ Secure attendance of outsiders with relevant expertise, if it considers necessary.

Meetings and attendance:

During the year, the Audit committee met 5 times on the following dates:

- ◆ April 30, 2008,
- ◆ July 31, 2008,
- ◆ August 26, 2008,
- ◆ October 30, 2008 and
- ◆ January 30, 2009

And all the members were present in each of such meeting.

Company Secretary is the Secretary to the Committee.

All Members of the Audit Committee have accounting and financial management expertise. The Chairman of the Audit Committee attended the previous Annual General Meeting (AGM) held on September 30, 2008 to answer the shareholders' queries.

REMUNERATION COMMITTEE

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

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

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

Remuneration policy

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

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

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

**Details of Remuneration to Directors for the year 2008-09:****a) Executive directors:**

Name of the Director	Salary (Basic)	HRA	Other Allowances	Total
Mr. V A Rama Raju	840,000	336,000	24,000	1,200,000
Mr. V Rajam Raju	840,000	336,000	24,000	1,200,000
Mr. Ch V Pandu Ranga Rao	1,330,000	532,000	138,000	2,000,000

b) Non-executive directors:

Remuneration to Non – Executive Directors: Nil

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

SHAREHOLDERS / INVESTOR GRIEVANCE COMMITTEE

In April 2009, your Board of Directors decided to merge the Shareholder's Grievance Committee and Share Transfer Committee and reconstituted it as Shareholders / Investor Grievance Committee.

After this reconstitution, the composition and attendance of the Shareholders / Investor Grievance Committee is as under:

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

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

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

Company Secretary is the Compliance Officer.

Number of Shareholders Compliants Received during the year: Nil

Compliants not solved : NA

Number of pending Compliants: Nil

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

A Report of the Management Discussion and Analysis is attached as part of the Annual Report

GENERAL BODY MEETINGS

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

AGM	Financial Year	Date	Time	Venue
23rd	2007-08	September 30, 2008	11:00 A M	# 201, Sri Sai Darsan Residency, 7-1-408 to 413, Balkampet Road, Ameerpet, Hyderabad – 500016
22nd	2006-07	September 29, 2007	11.00 A.M	# 201, Sri Sai Darsan Residency, 7-1-408 to 413, Balkampet Road, Ameerpet, Hyderabad – 500016
21st	2005-06	September 30, 2006	11.00 A.M	# 201, Sri Sai Darsan Residency, 7-1-408 to 413, Balkampet Road, Ameerpet, Hyderabad – 500016

Special Resolutions passed in the previous 3 AGM's

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

SI. No.	Date of AGM	Special Resolutions passed in connection with
1	September 30, 2008	Nil
2	September 29, 2007	<ul style="list-style-type: none">Revision in remuneration of Mr. V.A. Rama Raju, Chairman & Managing DirectorRevision in remuneration of Mr. V. Rajam Raju, Executive Director andAppointment of Mr. Ch. V. Pandu Ranga Rao, Director (Technical)
3	September 30, 2006	<ul style="list-style-type: none">Revision of remuneration to Mr. Ch. V. Pandu Ranga Rao

Postal Ballot

During the financial year 2008-09, the Company did not transact any item of business by way of Postal Ballot process. However the following items of business are proposed for consideration / approval of the members and the process of Postal Ballot in connection thereof is underway.



- Upward revision in the remuneration of Mr. V. A. Rama Raju, the Chairman and Managing Director of the Company - by way of Ordinary Resolution
- Reappointment of Mr. V. A. Rama Raju, as the Chairman and Managing Director of the Company for a period of 3 years w.e.f August 1, 2009 - by way of Special Resolution
- Upward revision in the remuneration of Mr. V. Rajam Raju, the Executive Director of the Company. - by way of Ordinary Resolution
- Reappointment of Mr. V. Rajam Raju, as the Executive Director of the Company, for a period of 3 years w.e.f August 1, 2009 - by way of Special Resolution.

Mr. P. S. Rao, Partner, P.S. Rao & Associates, Company Secretaries, Hyderabad has been appointed as the Scrutiniser for the said purpose.

DISCLOSURES

Related Party Transactions:

The transactions entered into by the Company with its related parties were placed before the Audit Committee. A summary of the same has been provided in the Notes to Accounts in this report. The interested Directors neither participate in the discussion, nor vote on such matters.

There were no related party transactions during the year 2008-09 having potential conflict with the interests of the Company at large.

Details of non-compliance:

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

Details of Compliance of Mandatory requirements:

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

Adoption of non-mandatory requirements:

Although it is not mandatory, the Board has constituted a Remuneration Committee to evaluate remuneration packages for the Directors. Details of the Committee have been provided under Section 'Remuneration Committee'.

The company has adopted the Whistle blower policy and it is also confirmed that no person has been denied access to the Audit Committee.

Auditors' Qualification on Financial Statements:

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

Auditor's Certificate on Corporate Governance:

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

**C.E.O. Certification:**

The Chairman & Managing Director has certified to the Board on the prescribed matters as required under Clause 49 of the Listing Agreement and the said Certificate was considered by the Board at its meeting held on August 27, 2009.

MEANS OF COMMUNICATION

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

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

GENERAL SHAREHOLDER INFORMATION**Annual General Meeting :**

- Date and Time : September 30, 2009 at 10:00 A.M.
- Venue : # 201, Sri Sai Darsan Residency,
7-1-408 to 413, Balkampet Road, Ameerpet,
Hyderabad – 500016.
- Financial year** : April 01, 2008 to March 31, 2009.
- Book Closure** : September 27, 2009 to September 30, 2009
(both days inclusive).
- Dividend** : Board of Directors at its Meeting held on August 27, 2009 recommended the dividend of Re. 0.20 per Equity Share of Rs. 10/- each for the financial year ended March 31, 2009 for approval of the shareholders at the ensuing Annual General Meeting. If approved, the dividend will be paid on or on or before October 30, 2009
- Listing** : At present, the Equity shares of the Company are listed on the Bombay Stock Exchange Limited (BSE). The Annual Listing fees for the year 2009-10 has been paid to BSE. The Company has paid custodial fees for the year 2009-10 to National Securities Depository Limited and Central Depository Services (India) Limited on the basis of number of beneficial accounts maintained by them as on March 31, 2009.
- Stock code** : BSE : 512175
Scrip Name: Vama Industries Ltd
Symbol: VAMA IND
Series: EQ
ISIN: INE685DO1014

**Market price data**

Monthly high and low quotations of equity shares traded on Bombay Stock Exchange during the financial year 2008-2009:

Month & Year	BSE		
	High (Rs.)	Low (Rs.)	Volume (No. of Shares)
April 2008	17.52	11.61	1,30,432
May 2008	16.80	13.40	82,675
June 2008	17.60	14.45	20,479
July 2008	15.80	13.10	43,496
August 2008	16.25	13.35	87,668
September 2008	16.65	12.40	91,013
October 2008	14.27	10.25	45,822
November 2008	15.38	7.60	44,583
December 2008	13.90	8.52	21,661
January 2009	13.98	10.15	26,170
February 2009	11.27	9.04	1,16,908
March 2009	10.50	7.80	1,05,120

- Registrar and Transfer Agents** : Board of Directors have delegated the power of share transfer and related operations to M/s. Big Share Services Private Limited, Registrar and Share Transfer Agents.
- Share Transfer System** : The Board has delegated the power of share transfer to Registrar and Share Transfer Agents for processing of share transfers to M/s. Bigshare Services Private Limited, Registrars of the Company.
- Address for correspondence** : All correspondence relating to the shares of the Company should be addressed to Bigshare at the address given below.
- G-10, Left Wing, Amrutha Ville
Opp. Yashoda Hospital
Somajiguda, Rajbhavan Road
Hyderabad – 500 082
- The R&TA transfers the shares received in the physical mode on a fortnightly basis. The said transfers are ratified by the Share Transfer Committee and summary of the shares transferred is noted at the next Board Meeting.

**Distribution of Shareholding as of March 31, 2009**

Number of shares	No. of Shares		No. of Shareholders	
	Number	% of total equity	Number	% of shares
Upto 5000	144705	2.06	692	57.05
5001 10000	136234	1.94	167	13.77
10001 20000	179487	2.55	119	9.81
20001 30000	122258	1.74	48	3.96
30001 40000	96729	1.37	27	2.23
40001 50000	118994	1.68	25	2.06
50001 100000	357311	5.08	49	4.04
100001 and above	5882282	83.58	86	7.09
Total	7038000	100.00	1,213	100.00

Pattern of Shareholding as on March 31, 2009 :

Category	No. of Shares	Percentage
Promoters, Directors and Relatives	3935207	55.91
Bodies Corporate	575538	8.18
Public	2508303	35.64
NRIs' / OCBs'	5165	0.07
Any others (Clearing Members)	13787	0.20
Total	7038000	100.00

Dematerialization of shares and liquidity as of March 31, 2009.

As at 31st March 2009, 6035678 equity shares representing 85.76% of the total equity capital of the Company were held in dematerialised form.

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

Particulars	No. of shares	% of Total Holding
Physical	1002322	14.24
NSDL	5155531	73.25
CDSL	880147	12.51
Total	7038000	100.00



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.

Plant Locations : N.A

Address for correspondence : The Company Secretary
Vama Industries Limited
#201, Sri Sai Darsan Residency,
7-1-408 to 413, Balkampet Road,
Ameerpet, Hyderabad – 500 016

Other Information

a. Nomination in respect of shares held in physical form

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

b. Secretarial Audit

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

c. Code of Conduct

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

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

DECLARATION

To The Members
Vama Industries Ltd.

Sub : Declaration under Clause 49 of the Listing Agreement

I hereby declare that all the Directors and Senior Management Personnel of the Company have affirmed compliance with the Company's Code of Business Conduct and Ethics for the financial year ended March 31, 2009.

For Vama Industries Limited

Sd/-

V A Rama Raju

Chairman and Managing Director

Place: Hyderabad
Date: 27.08.2009



AUDITORS' CERTIFICATE OF CORPORATE GOVERNANCE

To the Members of
Vama Industries Limited

We have examined the compliance of conditions of Corporate Governance by VAMA INDUSTRIES LIMITED, for the financial year ended March 31, 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchange.

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

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

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

Sd/-

Grandhi Vittal

Chartered Accountant
Membership No.206462

Place : Hyderabad

Date : 27.08.2009



CEO CERTIFICATION
(pursuant to the provisions of Clause 49 of the Listing Agreement)

I have reviewed the financial statements, read with the cash flow statement of Vama Industries Limited for the year ended March 31, 2009 and that to the best of my knowledge and belief, I state that:

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

For Vama Industries Limited

Sd/-

V A Rama Raju

Chairman & Managing Director

Place : Hyderabad

Date : 27.08.2009

**AUDITORS' REPORT**

To
The Members,
Vama Industries Limited
Hyderabad

We have audited the attached Balance Sheet of Vama Industries Limited, as at March 31, 2009 and also the related Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

1. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. All the assets have been physically verified by the management during the year and there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
2. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business. On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
Since the company has not granted or taken any loans from parties listed in the register maintained u/s.301, clauses 3(b), 3(c) and 3 (d) are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.
5. Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the necessary entries were entered into the register maintained under section 301.
6. The company has not accepted any deposits within the provisions of section 58A and 58AA of the Companies Act, 1956 and The Companies (Acceptance of Deposits) Rules, 1975.
7. In our opinion, considering the size and nature of its business, the company has an internal audit system, which is adequate.
8. Maintenance of cost records has not been prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956 for the products of the company.



9. a) As per the records of the company, and information and explanation provided to us, the company is generally regular in depositing statutory dues with appropriate authorities, the amount of provident fund, employees' state insurance, sales tax, income tax, customs duty, excise duty, cess and other statutory dues. No undisputed amounts were outstanding as at 31st March, 2009 for a period more than six months from the date they became payable.
- b) In our opinion and according to the information and explanation given to us there are no disputes relating to dues of sales tax, income tax, service tax, cess.
10. The company doesn't have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the financial year immediately preceding such financial year.
11. In our opinion and as per information and explanations given to us the company has not defaulted in repayment of dues to financial institutions and banks.
12. Based on our examination of documents and records, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. Based on our examination of the records and evaluation of the related internal controls, the company is not dealing or trading in shares, securities, debentures and other investments.
14. According to the best of our information and explanations provided by the management, the company is neither a Chit/Nidhi/Mutual benefit fund/ Society. Hence the requirements of clause 4 (xiii) of the Order is not applicable.
15. The company has not given any guarantee for loans taken by others from bank or financial institutions.
16. In our opinion and as per information and explanations given to us the term loans were applied for the purpose for which the loan was obtained.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.
18. Based on our examination of records and information provided to us by management we report that the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
19. During the period covered by our audit report, the company has not issued any Debentures.
20. The company has not raised any money by issue of shares to public.
21. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

Further to our comments above, we report that:

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
- (iii) The balance sheet and profit and loss account dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the balance sheet and profit and loss account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (v) On the basis of written representations received from the Directors as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;



- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- a) In the case of the balance sheet, of the state of affairs of the company as at March 31, 2009; and
 - b) In the case of profit and loss account, of the profit for the year ended on that date.
 - c) In the case of the cash flow statement of the cash flows of the company for the year ended on that date.

Sd/-
Grandhi Vittal
Chartered Accountant
Membership No.206462

Place : Hyderabad
Date : 27.08.2009

CERTIFICATE

We have examined the above cash flow statement of Vama Industries Limited for the year ended March 31, 2009. This statement has been prepared by the Company in accordance with the requirement under clause 32 of the listing agreement with the Stock Exchanges and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company for the year ended March 31, 2009.

Sd/-
Grandhi Vittal
Chartered Accountant
Membership No.206462

Place : Hyderabad
Date : 27.08.2009



Balance Sheet as at March 31, 2009

Particulars	Sch. No.	As at 31.03.2009 Amount in Rs.	As at 31.03.2008 Amount in Rs.
A Sources of Funds			
I Shareholders' Funds			
Share Capital	1	70,380,000	70,380,000
II Reserves & Surplus			
Profit and Loss A/c	2	9,787,928	8,720,774
Deffered Tax			
- Up to Previous year		1,245,830	1,138,758
- Current Year		(25,708)	107,072
III Loan Funds			
Secured Loans			
- From Banks		1,656,943	2,263,330
- From Others		-	-
		<u>83,044,994</u>	<u>82,609,934</u>
B Application of Funds			
I Fixed Assets			
Gross Block	3	69,532,701	52,385,959
Less : Depreciation		17,527,391	9,503,026
Net Block		<u>52,005,310</u>	<u>42,882,933</u>
II Investments	4	5,654,528	5,654,528
III Current Assets, Loans & Advances:			
a. Inventories	5	427,750	293,000
b. Sundry Debtors	6	19,407,509	15,473,571
c. Loans and Advances	7	1,867,708	8,168,939
d. Deposits	8	1,431,542	1,794,305
e. Pre-paid Expenses	9	198,060	177,900
f. Cash and Bank balances	10	6,252,409	10,081,112
g. Advance Tax		2,230,835	2,342,772
		<u>31,815,813</u>	<u>38,331,599</u>
Less : Current Liabilites & Provisions			
a. Liabilities	11	6,153,227	6,045,568
b. Provisions	12	3,387,462	4,138,607
		<u>9,540,689</u>	<u>10,184,175</u>
Net Current Assets		22,275,124	28,147,424
IV Miscellaneous Expenditure (to the extent not written off or adjusted)	13	3,110,032	5,925,049
		<u>83,044,994</u>	<u>82,609,934</u>
Accounting Policies and Notes on Accounts	19		

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

As per my report of even date

for and on behalf of the Board of Directors

Sd/-
Grandhi Vittal
Chartered Accountant
Membership No. 206462

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

Sd/-
(V. Rajam Raju)
Executive Director

Place : Hyderabad
Date : 27.08.2009

Sd/-
(Pushpa Katkuri)
Company Secretary



Profit and Loss Account for the year ended March 31, 2009

Particulars	Sch. No.	As at 31.03.2009 Amount in Rs.	As at 31.03.2008 Amount in Rs.
I Income			
Revenue	14		
- Domestic		50,903,093	46,634,757
- Export [100% EOU]		29,783,114	25,388,882
Other Income		1,818,524	493,932
Accredition / Decredition to Inventories	15	134,750	136,500
		82,639,481	72,654,071
II EXPENDITURE			
Cost of Products and Services	16	26,973,731	30,133,261
Administrative and Selling Expenses	17	39,867,073	30,925,398
Financial Charges	18	432,068	991,784
Pre-operative Expenses written-off	13	2,815,017	2,815,017
Depreciation	3	8,024,365	3,702,002
Prior period adjustment		98,318	16,037
		78,210,572	68,583,498
III Profit before Tax		4,428,909	4,070,573
Provision for Taxation			
- Current		1,541,190	1,109,820
- Deffered		(25,708)	107,072
- FBT		199,450	130,689
		2,713,977	2,722,993
IV Profit after Tax			
Proposed Dividend		1,407,600	1,407,600
Provision for Dividend Tax		239,222	239,222
Transfer to General Reserve		-	-
V Balance carried forwarded to Next Year		1,067,155	1,076,171
Accounting Policies and Notes on Accounts	19		

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

As per my report of even date

for and on behalf of the Board of Directors

Sd/-

Grandhi Vittal

Chartered Accountant

Membership No. 206462

Place : Hyderabad

Date : 27.08.2009

Sd/-

(V. A. Rama Raju)

Chairman & Managing Director

Sd/-

(Pushpa Katkuri)

Company Secretary

Sd/-

(V. Rajam Raju)

Executive Director



Cash Flow Statement for the year ended March 31, 2009

(Rs. in Lakhs)

Particulars	Year ended 31.03.2009	Year ended 31.03.2008
A. Cash flow from Operating activities		
Net Profit before tax and exceptional item	44.29	40.71
Adjustments		
Profit / Loss on sale of fixed assets	0.00	0.00
Depreciation and amortisation	80.24	37.02
Interest and dividend income	(18.19)	(4.94)
Misc. Expenses written off	28.15	28.15
Effect of exchange differences on translation of foreign currency cash and cash equivalents	0.51	5.92
Interest Paid	2.08	1.89
<i>Changes in current assets and liabilities</i>		
Trade and Other Receivables	(40.69)	46.53
Current Liabilities	1.08	(99.95)
Income Taxes paid during the year	(23.80)	(13.95)
Net cash generated by Operating activities	<u>73.68</u>	<u>41.38</u>
B. Cash flow from Investing Activities		
Purchase of Fixed Assets	(171.47)	(302.67)
Capital Work-in-progress	0.00	0.00
Proceeds on disposal of Fixed Assets	0.00	0.00
Investments	0.00	0.00
Acquisition of Companies	0.00	0.00
Advances	63.01	53.96
Deposits	3.63	(4.34)
Prepaid Expenses	(0.20)	0.40
Right Issue expenses	0.00	0.00
Interest and Dividend Income	18.19	4.94
Cash flow before exceptional items	(86.84)	(247.71)
Exceptional Items	0.00	0.00
Net Cash used in investment activities	<u>(86.84)</u>	<u>(247.71)</u>
C. Cash Flow from Financing Activities		
Issue of Share Capital	0.00	0.00
Dividend Paid during the year	(14.08)	(14.08)
Receipt /(Payment) of Secured Loans	(6.06)	13.76
(Receipt) /Payment of Un-Secured Loans	0.00	0.00
Interest Paid	(2.08)	(1.89)
Dividend tax paid during the year	(2.39)	(1.97)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(0.51)	(5.92)
Net cash used in financing activities	<u>(25.13)</u>	<u>(10.10)</u>
Net (Decrease) / Increase in cash and cash equivalents	(38.28)	(216.42)
Cash and cash equivalents at the beginning of the year	100.81	317.23
Cash and Cash equivalents at the end of the year	62.52	100.81

As per my report of even date

for and on behalf of the Board of Directors

Sd/-	Sd/-	Sd/-	Sd/-
Grandhi Vittal	(V. A. Rama Raju)	(V. Rajam Raju)	(Pushpa Katkuri)
Chartered Accountant	Chairman & Managing Director	Executive Director	Company Secretary
Membership No : 206462			

Place : Hyderabad

Date: 27.08.2009



Schedules forming part of Annual Accounts

Sch. No.	Particulars	As at 31.03.2009 Amount in Rs.	As at 31.03.2008 Amount in Rs.
1	Share Capital		
	Authorised :		
	80,00,000 Equity shares of Rs.10/- each	80,000,000	80,000,000
	Issued, Subscribed and Paid-up :		
	70,38,000 Equity shares of Rs.10/- each fully paid-up.	70,380,000	70,380,000
		70,380,000	70,380,000
2	Profit and Loss A/c		
	As per last Balance Sheet	8,720,773	7,644,603
	Add : Addition during the year	1,067,155	1,076,171
		9,787,928	8,720,774
4	Investments		
	5,38,000 Equity Shares in Winfarm Agro Industries Limited (at cost)	5,380,000	5,380,000
	Vama Asia Pte. Ltd. Singapore	274,528	274,528
		5,654,528	5,654,528
5	Inventories (As taken, valued and certified by Management)		
	Stores and Spares	427,750	293,000
		427,750	293,000
6	Sundry Debtors (Unsecured, Considered good)		
	Outstanding for more than 6 Months	3,982,532	3,798,852
	Outstanding for less than 6 Months	15,424,977	11,674,719
		19,407,509	15,473,571
7	Loans and Advances (Unsecured, Considered good unless otherwise stated)		
	Loans		
	- To Employees	128,208	724,440
	- To Others	1,739,500	7,444,499
		1,867,708	8,168,939
8	Deposits		
	Telephone Deposits	22,651	21,151
	Tender Deposits	261,455	232,026
	Other Deposits	1,147,436	1,541,128
		1,431,542	1,794,305

Sch. No. 3. Fixed Assets and Depreciation as on 31.03.2009

Particulars	Rate of Dep.	Gross Block			Depreciation			Net Block	
		As on 01.04.2008	Addition during the year	As on 31.03.2009	As on 01.04.2008	For the year	As on 31.03.2009	As on 31.03.2009	As on 31.03.2008
Computers and Peripherals	16.21%	10,654,594	1,343,366	11,997,960	4,156,853	1,850,259	6,007,112	5,990,848	6,497,741
Softwares	16.21%	32,837,119	15,628,000	48,465,119	2,905,836	5,479,440	8,385,276	40,079,843	29,931,283
Furniture and Fixtures	6.33%	2,650,896	-	2,650,896	838,691	167,802	1,006,493	1,644,403	1,812,205
Air Conditioners	6.33%	469,650	-	469,650	61,664	29,729	91,393	378,257	407,986
Electrical Fittings	6.33%	358,471	-	358,471	59,781	22,691	82,472	275,999	298,690
Office Equipment	4.75%	870,122	175,377	1,045,499	354,721	42,659	397,380	648,119	515,401
Motor Cars	9.50%	4,545,106	-	4,545,106	1,125,480	431,785	1,557,265	2,987,841	3,419,626
Total		52,385,958	17,146,743	69,532,701	9,503,026	8,024,365	17,527,391	52,005,310	42,882,932
Previous Year		(22,119,062)	(30,266,897)	(52,385,959)	(5,801,023)	(3,702,003)	(9,503,026)	(42,882,933)	(16,318,039)



Schedules forming part of Annual Accounts

Sch. Particulars No.	As at 31.03.2009 Amount in Rs.	As at 31.03.2008 Amount in Rs.
9 Pre-paid Expenses		
Insurance	140,673	84,174
Other Expenses	57,387	93,726
	198,060	177,900
10 Cash and Bank balances		
Cash on Hand	48,185	228,635
Balances with Scheduled Banks		
- in Current Accounts	3,972,378	3,443,874
- in Fixed Deposits	2,231,845	6,408,603
(Rs 16,67,688/- under lien to Bank against BGs)		
	6,252,409	10,081,112
11 Liabilities		
Sundry Creditors		
- Dues to SSIs	-	-
- Dues to Suppliers other than SSIs	1,170,733	2,530,778
-Advance against sales	1,563,349	514,200
Statutory Liabilities	776,317	479,506
Other liabilities	2,642,828	2,521,084
	6,153,227	6,045,568
12 Provisions		
- for Income Tax	1,541,190	2,361,096
- for FBT	199,450	130,689
- for Dividend	1,407,600	1,407,600
- for Dividend Tax	239,222	239,222
	3,387,462	4,138,607
13 Miscellaneous Expenditure (To the extent not written-off or adjusted)		
Opening Balance	885,049	1,180,066
Additions during the year	-	-
Less : written-off during the year	295,017	295,017
	590,032	885,049
Good Will	5,040,000	7,560,000
Less : written-off during the year	2,520,000	2,520,000
	2,520,000	5,040,000
	3,110,032	5,925,049



Schedules forming part of Annual Accounts

Sch. Particulars No.	As at 31.03.2009 Amount in Rs.	As at 31.03.2008 Amount in Rs.
14 Revenue		
- Domestic		
Services/Consultancy / Projects	19,918,860	13,407,755
Hardware Trading Sales	30,984,233	33,227,002
	50,903,093	46,634,757
- Export		
IT Services	29,783,114	25,388,882
	29,783,114	25,388,882
15 Accredition / Decredition to Inventories		
Inventories as on 31.03.2009	427,750	293,000
Inventories as on 31.03.2008	293,000	156,500
	134,750	136,500
16 Cost of Products and Services		
Purchase of Material	26,973,731	30,133,261
	26,973,731	30,133,261
17 Administrative and Selling Expenses		
Advertisement	49,680	75,314
Audit Fee		
- Statutory Audit	40,000	40,000
- Tax Audit	10,000	10,000
- Other Expenses	-	-
Books and Periodicals	-	5,248
Business Promotion Expenses	781,017	226,861
Computer Maintenance	35,110	28,063
Commission	-	767,989
Conveyance	613,405	257,914
Directors Remuneration	4,400,000	4,010,000
Electricity Charges	591,290	401,408
Fees and Taxes	96,425	67,822
Freight	22,246	2,683
Office & General expenses	702,706	640,267
Insurance	317,612	375,625
Internet expenses	495,056	666,325
ISO charges	9,000	10,112
Legal and Professional expenses	5,696,740	6,783,202
Listing Fees	37,522	26,236
Misc. expenses	-	38,354
Office Rent	1,953,520	1,352,676
Postage and Telegram	53,149	71,678
Printing and stationery	202,907	216,248
Professional Tax	2,500	-



Schedules forming part of Annual Accounts

Sch. Particulars No.	As at 31.03.2009 Amount in Rs.	As at 31.03.2008 Amount in Rs.
Repairs and Maintenance	124,018	241,689
Staff Salaries, PF, ESI & Other Benefits to Employees	21,876,473	12,229,104
Staff Welfare Expenses	48,068	165,279
STPI Service charges	50,000	25,000
Telephone charges	304,364	300,158
Tender charges	41,706	15,659
Travelling Expenses	1,112,301	1,544,408
TRC expenses	-	240,000
Vehicle Maintenance	200,258	72,430
Website maintenance	-	17,647
	39,867,073	30,925,398
18 Financial Charges		
Bank charges	172,531	210,736
Forex Fluctuations	51,315	592,415
Interest on Secured Loans(Vehicles)	203,438	167,075
Interest on others	4,784	21,558
	432,068	991,784

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

As per my report of even date

for and on behalf of the Board of Directors

Sd/-
Grandhi Vittal
Chartered Accountant
Membership No. 206462

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

Sd/-
(V. Rajam Raju)
Executive Director

Place : Hyderabad
Date : 27.08.2009

Sd/-
(Pushpa Katkuri)
Company Secretary

**Schedule 19 : SIGNIFICANT ACCOUNTING POLICIES.****1. Basis of preparation of Financial Statements**

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

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

2. Revenue Recognition

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

3. Translation of Foreign Currency Transactions

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

4. Expenditure

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

5. Fixed Assets, Work in progress and Depreciation

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

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



6. Investments

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

7. Good Will

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

8. Inventories

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

9. Employee Benefits

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

10. Contingent Liability

There are no contingent liabilities. The liability towards bank guarantees issued to various parties by the company in the course of business is fully covered against the fixed deposits with the banks which are held by the bankers as security.

11. Income Tax

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

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

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

Fringe Benefit Tax (FBT) payable under the provisions of section 115WC of the Income Tax Act, 1961 is in accordance with the Guidance Note on "Accounting for Fringe Benefit Tax" issued by ICAI regarded as an additional income tax and considered in determination of profits for the year.

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

**12. Cash Flow Statement**

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

NOTES FORMING PART OF ACCOUNTS

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

Secured Loans from ICICI Bank is towards purchase of Motor Cars against Hypothecation of the same against the loans of Rs.16.57 lakhs (Rs.22.63 lakhs – March 31, 2008) as on March 31, 2009. There are no other secured loans sanctioned in favor of or accepted by the Company.

7. Activity in foreign currency:-

(Amount in Rs.)

Particulars	Year ended 31.03.2009	Year ended 31.03.2008
Earnings in Foreign currency		
– from Engg. Services	2,57,66,511	2,40,98,276
– from Software Development	40,16,603	10,85,446
– Others	Nil	Nil
Total	2,97,83,114	2,51,83,722
Expenditure in Foreign Currency		
– for Foreign Travel	7,33,420	7,39,943
– for purchase of Capital Goods	Nil	4,29,555
Total	7,33,420	11,69,498
Foreign currency used for investment		
- in Subsidiary	Nil	Nil
- as advances to Subsidiary	Nil	Nil
Total	Nil	Nil

**8. Lease Rentals**

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

Particulars	Year ended March 31, 2009	Year ended March 31, 2008
Lease rentals recognized during the year	19,51,920	14,49,520
Within one year of the balance sheet date	16,47,400	11,76,400
Due in a period between one year and five years	17,56,140	14,54,640
Due after five years	Nil	Nil

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

9. Related party transactions

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

Name	Relation /Designation	Nature of Payment	Amount in Rs.
a) Wholly owned Subsidiary Vama Asia Pte. Ltd.	Wholly Owned Subsidiary	Nil	Nil
b) Associate Monoplast	Associate	Nil	Nil
c) Directors V. A. Rama Raju	Chairman & Managing Director	Nil	Nil
V. Rajam Raju	Executive Director	Nil	Nil
d) Key Management Personnel V Parvathi	W/o.V. A. Rama Raju, CMD	Rent for Office Premises Salary	1,87,000 1,80,000
Ch Oshadhi	W/o. Ch.V.Pandu Ranga Rao, Director (Technical)	Rent for Office Premises Salary	1,87,000 3,12,000

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

**10. Managerial Remuneration**

Remuneration to the Key Management Personnel is detailed as under:

Name	Designation	Remuneration	
		2008 - 09	2007 - 08
V.A. Rama Raju	Chairman & Managing Director	12,00,000	12,00,000
V. Rajam Raju	Executive Director	12,00,000	12,00,000
Ch V Pandu Ranga Rao	Director (Technical) (Resigned w.e.f. January 30, 2009)	20,00,000	20,00,000

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

11. Traveling Expenses (Directors)

Domestic Traveling Expenses	Rs. 1.26 lakhs	(Rs. 3.59 lakhs)
Expenditure on Foreign Travel	Rs. 2.54 lakhs	(Rs. 4.95 lakhs)

12. Audit Fee

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

13. Segment Reporting

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

(Rs. in lakhs)

Particulars	Year ended 31.03.2009	Year ended 31.03.2008
Revenue		
Software Development & Services		
- Exports	297.83	253.89
-Domestic	133.05	134.08
Total	430.88	387.97
Hardware Sales & Services		
- Gross Receipts	375.98	332.27
Total Revenue	806.86	720.24



Segment Results (Profit before Tax and Interest from the Segment)		
Software Development & Services	26.40	31.92
Hardware Sales & Services	19.92	10.46
Total	46.32	42.38
Less: Interest	2.03	1.67
Profit before Tax	44.29	40.71
Segment Capital Employed		
Software Development & Services	678.29	677.35
Hardware Sales & Services	152.16	148.75
Total	830.45	826.10

14. Earning per Share

Particulars	Year ended 31.03.2009	Year ended 31.03.2008
Number of Shares	70,38,000	70,38,000
Net Profit after Tax	27,13,977	27,22,993
Earnings Per Share	0.39	0.39

15. Investments

In line with the Accounting Policy, the investment in equity in Vama Asia Pte Ltd is carried at their original cost. The difference in value of investments considering the value of exchange as on the date of Balance Sheet amounts to Rs.58,537/-

16. Project Development Expenditure

(in respect of projects upto March 31, 2009)

(Amount in Lakhs)

	2008-09	2007-08
Opening Balance	Nil	44.98
Add: Project Development Expenditure transferred from profit and loss account	154.81	193.18
	154.81	238.16
Less: Project Development Expenses Capitalised during the year	154.81	238.16
Closing Balance	Nil	Nil

**ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PART IV OF THE SCHEDULE VI TO THE COMPANIES ACT, 1956****BALANCE SHEET ABSTRACT AND THE COMPANY'S GENERAL PROFILE**

I	Registration Details				
	Registration No.	41126	State Code		01
	Balance Sheet Date	March 31, 2009			
II	Capital raised during the year	(Rs. In Lakhs)			
	Public Issue	Nil			
	Rights Issue	Nil			
	Bonus Issue	Nil			
	Issue of Share pursuant to the scheme of amalgamation	Nil			
	Employees Stock Options	Nil			
III	Position of mobilisation of and deployment of funds	(Rs. In Lakhs)			
	Total Liabilities	830.45	Total Assets		830.45
	Sources of Funds		Application of Funds		
	Paid-up Capital	703.80	Goodwill		25.20
	Reserves & Surplus	97.88	Net Fixed Assets		520.05
	Secured Loans	16.57	Investments		56.55
	Unsecured Loans	0.00	Capital work in progress		0.00
	Deffered Tax Liability	12.20	Net Current Assets		222.75
			Misc. Expenditure		5.90
IV	Performance of the Company	(Rs. In Lakhs)			
	Turnover	826.39			
	Total Expenditure	782.11			
	Profit before Tax	44.29			
	Profit after Tax	27.14			
	Earning Per Share	0.39			
V	Generic name of the Company	(as per monetary terms)			
	i) Item code no (ITC Code)	8529009			
	Product description	ITES			
	ii) Item code no (ITC Code)				
	Product description				

for and on behalf of the Board of Directors

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

Sd/-
(V. Rajam Raju)
Executive Director

Sd/-
(Pushpa Katkuri)
Company Secretary

Place : Hyderabad
Date: 27.08.2009



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

Name of the subsidiary	:	Vama Asia Pte. Ltd., 10 Anson Road, # 03-09 International Palza Singapore – 079 903
Financial year of the subsidiary ended on	:	March 31, 2009
Shares of the subsidiary held by the Company on the above date		
(a) Number and face value	:	10,000 S\$ Equity Shares of S\$1/Each fully paid-up
(b) Extent of holding	:	100%
Net aggregate amount of profit or losses of the subsidiary for the above financial year of the subsidiary not dealt with in the Company's account so far as it concerns the members of the Holding Company		
(a) For the financial year of the subsidiary	:	S\$ (3,418)
(b) For the previous financial year	:	S\$ (3,854)
Net aggregate amount of profit or losses of the subsidiary for the above financial year of the subsidiary dealt with in the Company's account		
(a) For the financial year of the subsidiary	:	Nil
(b) For the previous financial year	:	Nil

for and on behalf of the Board of Directors

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

Sd/-
V. Rajam Raju
Executive Director

Sd/-
Pushpa Katkuri
Company Secretary

Place: Hyderabad
Date : 27.08.2009



Auditors' Report on Consolidated Financial Statements

To
The Board of Directors of
Vama Industries Limited

1. We have audited the attached consolidated balance sheet of Vama Industries Limited ("the Company") as at March 31, 2009, the consolidated profit and loss account for the year ended on that date annexed thereto, and the consolidated cash flow statement for the year ended on that date, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of Vama Asia Pte Ltd., Singapore entity, whose financial statements reflect total assets of Rs. 4.65 lakhs (Rs.5.05 lakhs – March 31, 2008) as at March 31, 2009 and net loss of Rs.0.39 lakhs (Loss of Rs.1.04 lakhs – March 31, 2008) for the year ended on that date. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in respect of these consolidated entities, is based solely on the report of the other auditors.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Vama Industries Limited and its consolidated entity included in the consolidated financial statements.
5. On the basis of the information and explanations given to us and on consideration of the separate audit reports on individual audited financial statements of the Company and its consolidated entities, in our opinion, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the consolidated balance sheet, of the consolidated state of affairs of the Company and its consolidated entities as at March 31, 2009;
 - b) in the case of the consolidated profit and loss account, of the consolidated results of operations of the Company and its consolidated entities for the year ended on that date; and
 - c) in the case of the consolidated cash flow statement, of the consolidated cash flows of the Company and its consolidated entities for the year ended on that date.

Place : Hyderabad
Date : 27.08.2009

Sd/-
Grandhi Vittal
Chartered Accountant
Membership No.206462

**VAMA INDUSTRIES LIMITED****Consolidated Balance Sheet as at March 31, 2009**

Particulars	Sch. No.	As at 31.03.2009 Amount in Rs.	As at 31.03.2008 Amount in Rs
A Sources of Funds			
I Shareholders' Funds			
Share Capital	1	70,380,000	70,380,000
II Reserves & Surplus			
Profit and Loss A/c	2	9,978,522	8,950,865
Differed Tax			
- Up to Previous year		1,245,830	1,138,758
- Current Year		(25,708)	107,072
III Loan Funds			
a. Secured Loans			
From Banks		1,656,943	2,263,330
From Others		-	-
b. Un-Secured Loans			
From Directors		-	-
From Others		-	-
		83,235,588	82,840,025
B Application of Funds			
I Fixed Assets			
Gross Block	3	69,552,442	52,405,699
Less : Depreciation		<u>17,547,130</u>	<u>9,522,766</u>
Net Block		52,005,312	42,882,933
II Investments	4	5,380,000	5,380,000
III Current Assets, Loans & Advances:			
a. Inventories	5	427,750	293,000
b. Sundry Debtors	6	19,407,509	15,473,571
c. Loans and Advances	7	1,867,708	8,168,939
d. Deposits	8	1,431,542	1,794,305
e. Pre-paid Expenses	9	198,060	177,900
f. Cash and Bank balances	10	6,458,175	10,368,388
g. Advance Tax		<u>2,230,835</u>	<u>2,342,772</u>
		32,021,579	38,618,875
Less : Current Liabilities & Provisions			
a. Liabilities	11	5,893,872	5,828,225
b. Provisions	12	<u>3,387,462</u>	<u>4,138,607</u>
		9,281,334	9,966,832
Net Current Assets		22,740,245	28,652,043
IV Miscellaneous Expenditure	13	<u>3,110,032</u>	<u>5,925,049</u>
(to the extent not written off or adjusted)		83,235,588	82,840,025

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

As per my report of even date

for and on behalf of the Board of Directors

Sd/-

Grandhi Vittal

Sd/-

(V. A. Rama Raju)

Sd/-

(V. Rajam Raju)

Sd/-

(Pushpa Katkuri)

Chartered Accountant
Membership No. 206462

Chairman & Managing Director

Executive Director

Company Secretary

Place : Hyderabad

Date: 27.08.2009

**Consolidated Profit & Loss Account for the year ended March 31, 2009**

Particulars	Sch. No.	As at 31.03.2009 Amount in Rs.	As at 31.03.2008 Amount in Rs.
I Income			
Revenue	14		
- Domestic		50,903,093	46,634,757
- Export [100% EOU]		29,783,114	25,388,882
Other Income		1,892,867	502,210
Accredition / Decredition to Inventories	15	134,750	136,500
		82,713,824	72,662,349
II EXPENDITURE			
Cost of Products and Services	16	26,973,731	30,133,261
Administrative and Selling Expenses	17	39,968,391	31,016,057
Financial Charges	18	444,591	1,006,387
Pre-operative Expenses written-off	13	2,815,017	2,815,017
Depreciation	3	8,024,365	3,708,563
Prior period adjustment		98,318	16,037
		78,324,413	68,695,321
III Profit before Tax		4,389,411	3,967,028
IV Provision for Taxation			
- Current		1,541,190	1,109,820
- Deffered		(25,708)	107,072
- FBT		199,450	130,689
V Profit after Tax		2,674,479	2,619,447
Proposed Dividend		1,407,600	1,407,600
Provision for Dividend Tax		239,222	239,222
Transfer to General Reserve		-	-
V Balance carried forwarded to Next Year		1,027,657	972,625

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

As per my report of even date

for and on behalf of the Board of Directors

Sd/-
Grandhi Vittal
Chartered Accountant
Membership No. 206462

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

Sd/-
(V. Rajam Raju)
Executive Director

Sd/-
(Pushpa Katkuri)
Company Secretary

Place : Hyderabad
Date : 27.08.2009



Consolidated Cash Flow Statement for the year ended March 31, 2009

(Rs. in Lakhs)

Particulars	Year ended 31.03.09	Year ended 31.03.08
A. Cash flow from Operating activities		
Net Profit before tax and exceptional item	43.89	39.67
Adjustments		
Profit / Loss on sale of fixed assets	-	-
Depreciation and amortisation	80.24	37.09
Interest and dividend income	(18.19)	(4.94)
Misc. Expenses written off	28.15	28.15
Effect of exchange differences on translation of foreign currency cash and cash equivalents	0.51	5.92
Interest Paid	2.08	1.89
Changes in current assets and liabilities		
Trade and Other Receivables	(40.69)	46.53
Current Liabilities	1.08	(99.85)
Income Taxes paid during the year	(23.80)	(14.05)
Net cash generated by Operating activities	<u>73.29</u>	<u>40.41</u>
B. Cash flow from Investing Activities		
Purchase of Fixed Assets	(171.47)	(302.67)
Capital Work-in-progress	-	-
Proceeds on disposal of Fixed Assets	-	-
Investments	-	-
Acquisition of Companies	-	-
Advances	62.59	53.92
Deposits	3.63	(4.34)
Prepaid Expenses	(0.20)	0.40
Right Issue expenses	-	-
Interest and Dividend Income	18.19	4.94
Cash flow before exceptional items	(87.26)	(247.74)
Exceptional Items	-	-
Net Cash used in investment activities	<u>(87.26)</u>	<u>(247.74)</u>
C. Cash Flow from Financing Activities		
Issue of Share Capital	-	-
Dividend Paid during the year	(14.08)	(14.08)
Receipt /(Payment) of Secured Loans	(6.06)	13.76
Receipt /(Payment) of Un-Secured Loans	-	(1.00)
Interest Paid	(2.08)	(1.89)
Dividend tax paid during the year	(2.39)	(1.97)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(0.51)	(5.92)
Net cash used in financing activities	<u>(25.13)</u>	<u>(11.10)</u>
Net (Decrease) / Increase in cash and cash equivalents	<u>(39.10)</u>	<u>(218.42)</u>
Cash and cash equivalents at the beginning of the year	103.68	322.11
Cash and Cash equivalents at the end of the year	64.58	103.68

As per my report of even date

for and on behalf of the Board of Directors

Sd/-

Grandhi Vittal

Chartered Accountant
Membership No. 206462

Place : Hyderabad
Date: 27.08.2009

Sd/-

(V. A. Rama Raju)

Chairman & Managing Director

Sd/-

(V. Rajam Raju)

Executive Director

Sd/-

(Pushpa Katkuri)

Company Secretary

**Schedules forming part of Consolidated Balance Sheet and Profit & Loss A/c as on March 31, 2009**

Sch. No.	Particulars	As at 31.03.2009 Amount in Rs.	As at 31.03.2008 Amount in Rs.
1	Share Capital		
	Authorised :		
	80,00,000 Equity shares of Rs.10/- each	<u>80,000,000</u>	<u>80,000,000</u>
	Issued, Subscribed and Paid-up :		
	70,38,000 Equity shares of Rs.10/- each fully paid-up.	<u>70,380,000</u>	<u>70,380,000</u>
		<u>70,380,000</u>	<u>70,380,000</u>
2	Profit and Loss A/c		
	As per last Balance Sheet	8,950,865	7,978,240
	Add : Addition during the year	<u>1,027,657</u>	<u>972,625</u>
		<u>9,978,522</u>	<u>8,950,865</u>
4	Investments		
	5,38,000 Equity Shares in Winfarm Agro Industries Limited (at cost)	<u>5,380,000</u>	<u>5,380,000</u>
		<u>5,380,000</u>	<u>5,380,000</u>
5	Inventories (As taken, valued and certified by Management) Stores and Spares	<u>427,750</u>	<u>293,000</u>
		<u>427,750</u>	<u>293,000</u>
6	Sundry Debtors (Unsecured, Considered good)		
	Outstanding for more than 6 Months	3,982,532	3,798,852
	Outstanding for less than 6 Months	<u>15,424,977</u>	<u>11,674,719</u>
		<u>19,407,509</u>	<u>15,473,571</u>
7	Loans and Advances		
	Loans		
	- To Employees	128,208	724,440
	- To Others	<u>1,739,500</u>	<u>7,444,499</u>
		<u>1,867,708</u>	<u>8,168,939</u>
8	Deposits		
	Telephone Deposits	22,651	21,151
	Tender Deposits	261,455	232,026
	Other Deposits	<u>1,147,436</u>	<u>1,541,128</u>
		<u>1,431,542</u>	<u>1,794,305</u>
9	Pre-paid Expenses		
	Insurance	140,673	84,174
	Other Expenses	<u>57,387</u>	<u>93,726</u>
		<u>198,060</u>	<u>177,900</u>

Sch. No. 3. Fixed Assets and Depreciation as on 31.03.2009

Particulars	Rate of Dep.	Gross Block			Depreciation			Net Block	
		As on 01.04.2008	Addition during the year	As on 31.03.2009	As on 01.04.2008	For the year	As on 31.03.2009	As on 31.03.2009	As on 31.03.2008
Computers and Peripherals	16.21%	10,654,594	1,343,366	11,997,960	4,156,853	1,850,259	6,007,112	5,990,848	6,497,741
Softwares	16.21%	32,837,119	15,628,000	48,465,119	2,905,836	5,479,440	8,385,276	40,079,843	29,931,283
Furniture and Fixtures	6.33%	2,670,637	-	2,670,637	858,430	167,802	1,026,232	1,644,405	1,812,207
Air Conditioners	6.33%	469,650	-	469,650	61,664	29,729	91,393	378,257	407,986
Electrical Fittings	6.33%	358,471	-	358,471	59,781	22,691	82,472	275,999	298,690
Office Equipment	4.75%	870,122	175,377	1,045,499	354,721	42,659	397,380	648,119	515,401
Motor Cars	9.50%	4,545,106	-	4,545,106	1,125,480	431,785	1,557,265	2,987,841	3,419,626
Total		52,405,699	17,146,743	69,552,442	9,522,765	8,024,365	17,547,130	52,005,312	42,882,934
Previous Year		(22,138,535)	(30,267,164)	(52,405,699)	(5,814,025)	(3,708,741)	(9,522,766)	(42,882,933)	(16,324,510)



Schedules forming part of Consolidated Balance Sheet and Profit & Loss A/c as on March 31, 2009

Sch. No.	Particulars	As at 31.03.2009 Amount in Rs.	As at 31.03.2008 Amount in Rs.
10	Cash and Bank balances		
	Cash on Hand	48,185	228,635
	Balances with Banks		
	-in Bank Current Accounts	4,178,144	3,731,150
	- in Fixed Deposits	2,231,845	6,408,603
	(Rs 16,67,688/- under lien to Bank against BGs)		
		6,458,175	10,368,388
11	Liabilities		
	Sundry Creditors		
	- Dues to SSIs	-	-
	- Dues to Suppliers other than SSIs	1,170,734	2,530,778
	- Others	1,563,349	514,200
	Statutory Liabilities	776,317	479,507
	Other liabilities	2,383,472	2,303,740
		5,893,872	5,828,225
12	Provisions		
	- for Income Tax	1,541,190	2,361,096
	- for FBT	199,450	130,689
	- for Dividend	1,407,600	1,407,600
	- for Dividend Tax	239,222	239,222
		3,387,462	4,138,607
13	Miscellaneous Expenditure (To the extent not written-off)		
	As per last Balance Sheet	885,049	1,180,066
	Additions during the year	-	-
	Less : written-off during the year	295,017	295,017
		590,032	885,049
	Good Will	5,040,000	7,560,000
	Less : written-off during the year	2,520,000	2,520,000
		2,520,000	5,040,000
		3,110,032	5,925,049
14	Revenue		
	- Domestic		
	Services/Consultancy / Projects	19,918,860	13,407,755
	Hardware Trading Sales	30,984,233	33,227,002
		50,903,093	46,634,757
	- Export		
	IT Services	29,783,114	25,388,882
		29,783,114	25,388,882
15	Accreditation / Decreditation to Inventories		
	Inventories as on 31.03.2009	427,750	293,000
	Inventories as on 31.03.2008	293,000	156,500
		134,750	136,500

**Schedules forming part of Consolidated Balance Sheet and Profit & Loss A/c as on March 31, 2009**

Sch. No.	Particulars	As at 31.03.2009 Amount in Rs.	As at 31.03.2008 Amount in Rs.
16	Cost of Products and Services		
	Purchase of Material	26,973,731	30,133,261
		26,973,731	30,133,261
17	Administrative and Selling Expenses		
	Advertisement	49,680	75,314
	Audit Fee	-	-
	- Statutory Audit	91,625	93,705
	- Tax Audit	10,000	10,000
	- Other Expenses	-	-
	Books and Periodicals	-	5,248
	Business Promotion Expenses	781,017	226,861
	Computer Maintenance	35,110	28,063
	Commission	-	767,989
	Conveyance	613,405	257,914
	Directors Remuneration	4,400,000	4,010,000
	Electricity charges	591,290	401,408
	Fees and taxes	96,425	104,777
	Freight	22,246	2,683
	General expenses	702,706	640,267
	Insurance	317,612	375,625
	Internet expenses	495,056	666,325
	ISO implementaion charges	9,000	10,112
	Legal and Professional expenses	5,746,433	6,783,202
	Listing Fees	37,522	26,236
	Misc. expenses	-	38,354
	Office Rent	1,953,520	1,352,676
	Postage and Telegram	53,149	71,678
	Printing and stationery	202,907	216,248
	Professional Tax	2,500	-
	Repairs and Maintenance	124,018	241,689
	Staff Salaries	21,876,473	12,229,104
	Staff Welfare Expenses	48,068	165,279
	STPI Service charges	50,000	25,000
	Telephone charges	304,364	300,158
	Tender charges	41,706	15,659
	Travelling Expenses	1,112,301	1,544,408
	TRC Expenses	-	240,000
	Vehicle Maintenance	200,258	72,430
	Website Maintenance	-	17,647
		39,968,391	31,016,057

**Schedules forming part of Consolidated Balance Sheet and Profit & Loss A/c as on March 31, 2009**

Sch. No.	Particulars	As at 31.03.2009 Amount in Rs.	As at 31.03.2008 Amount in Rs.
18	Financial Charges		
	Bank charges	187,852	219,122
	Forex Fluctuations	48,517	598,632
	Interest on Secured Loans	203,438	167,075
	Interest on others	4,784	21,558
		444,591	1,006,387

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

As per my report of even date

for and on behalf of the Board of Directors

Sd/-

Grandhi Vittal

Chartered Accountant
Membership No. 206462

Sd/-

(V. A. Rama Raju)

Chairman & Managing Director

Sd/-

(V. Rajam Raju)

Executive Director

Sd/-

(Pushpa Katkuri)

Company Secretary

Place : Hyderabad

Date : 27.08.2009

**Schedule 19 SIGNIFICANT ACCOUNTING POLICIES.****1. Basis of preparation of Financial Statements**

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

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

2. Principle of Consolidation

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

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

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

3. Revenue Recognition

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

4. Translation of Foreign Currency Transactions

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

5. Expenditure

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

6. Fixed Assets, Work in progress and Depreciation

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



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

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

7. Investments

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

8. Good Will

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

9. Inventories

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

10. Employee Benefits

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

11. Contingent Liability

There are no contingent liabilities. The liability towards bank guarantees issued to various parties by the company in the course of business is fully covered against the fixed deposits with the banks which are held by the bankers as security.

12. Income Tax

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

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

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



Fringe Benefit Tax (FBT) payable under the provisions of section 115WC of the Income Tax Act, 1961 is in accordance with the Guidance Note on "Accounting for Fringe Benefit Tax" issued by ICAI regarded as an additional income tax and considered in determination of profits for the year.

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

13. Cash Flow Statement

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

Notes forming part of Accounts

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

Secured Loans from ICICI Bank is towards purchase of Motor Cars against Hypothecation of the same against the loans of Rs.16.57 lakhs (Rs.22.63 lakhs – March 31, 2008) as on March 31, 2009. There are no other secured loans sanctioned in favor of or accepted by the Company.

7. Lease Rentals

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

(Amount in Rs.)

Particulars	Year ended March 31, 2009	Year ended March 31, 2008
Lease rentals recognized during the year	19,51,920	14,49,520
Within one year of the balance sheet date	16,47,400	11,76,400
Due in a period between one year and five years	17,56,140	14,54,640
Due after five years	Nil	Nil



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

8. Related party transactions

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

Name	Relation / Designation	Nature of Payment	Amount in Rs.
a) Wholly owned Subsidiary Vama Asia Pte. Ltd.	Wholly Owned Subsidiary	Nil	Nil
b) Associate Monoplast	Associate	Nil	Nil
c) Directors V. A. Rama Raju	Chairman & Managing Director	Nil	Nil
V. Rajam Raju	Executive Director	Nil	Nil
d) Key Management Personnel			
V Parvathi	W/o.V.A. Rama Raju, CMD	Rent for Office Premises Salary	1,87,000 1,80,000
Ch Oshadhi	W/o. Ch.V.Pandu Ranga Rao Director (Technical)	Rent for Office Premises Salary	1,87,000 3,12,000

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

9. Managerial Remuneration

Remuneration to the Key Management Personnel is detailed as under:

Name	Designation	Remuneration	
		2008 - 09	2007 - 08
V. A. Rama Raju	Chairman & Managing Director	12,00,000	12,00,000
V. Rajam Raju	Executive Director	12,00,000	12,00,000
Ch. V. Pandu Ranga Rao	Director (Technical) (Resigned w.e.f. January 30, 2009)	20,00,000	23,50,000

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

**10. Traveling Expenses**

Directors Traveling Expenses	Rs. 1.26 lakhs	(Rs. 3.59 lakhs)
Expenditure on Foreign Travel	Rs. 2.54 lakhs	(Rs. 4.95 lakhs)

11. Audit Fee

as Statutory Auditors	--	Rs.40,000/-	(Rs. 40,000/-)
as Tax Auditors	--	Rs.10,000/-	(Rs. 10,000/-)
as Branch Auditors	--	Rs. 51,625/-	(Rs. 53,705/-)
for Expenses	--	NIL	(Nil)
Certification Fees	--	NIL	(Nil)
as Advisor	--	NIL	(Nil)

12. Segment Reporting

The segment report prepared in accordance with the Accounting Standard 17 'Segment Reporting' issued by the ICAI. Segment Report as per Accounting Standard 17 for the Year ended March 31, 2009

(Rs. in lakhs)

Particulars	Year ended 31.03.2009	Year ended 31.03.2008
Revenue		
Software Development & Services		
- Exports	297.83	253.89
- Domestic	133.05	134.08
Total	430.88	387.97
Hardware Sales & Services		
- Gross Receipts	375.98	332.27
Total Revenue	806.86	720.24
Segment Results (Profit before Tax and Interest from the Segment)		
Software Development & Services	26.40	31.92
Hardware Sales & Services	19.52	9.42
Total	45.92	41.34
Less: Interest	2.03	1.67
Profit before Tax	43.89	39.67
Segment Capital Employed		
Software Development & Services	680.19	677.35
Hardware Sales & Services	152.16	151.05
Total	832.35	828.40

**13. Earning per Share**

Particulars	Year ended 31.03.2009	Year ended 31.03.2008
Number of Shares	70,38,000	70,38,000
Net Profit after Tax	26,74,479	26,19,448
Earnings Per Share	0.38	0.37

14. Investments

In line with the Accounting Policy, the investment in equity in Vama Asia Pte Ltd is carried at their original cost. The difference in value of investments considering the value of exchange as on the date of Balance Sheet amounts to Rs.58,537/-

15. Project Development Expenditure

(in respect of projects upto March 31, 2009)

(Amount in Lakhs)

	2008-09	2007-08
Opening Balance	Nil	44.98
Add: Project Development Expenditure transferred from profit and loss account	154.81	193.18
	<u>154.81</u>	<u>238.16</u>
Less: Project Development Expenses Capitalised during the year	154.81	238.16
Closing Balance	<u><u>Nil</u></u>	<u><u>Nil</u></u>



VAMA ASIA PTE LTD

Reg No : 200505868W

(Incorporated in the Republic of Singapore)

ANNUAL REPORT 2008-09

**DIRECTORS' REPORT**

The Directors present their report and the accounts for the financial year ended March 31, 2009.

1 Directors

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

Vegesna Atchyuta Rama Raju
Venkataramana Peri

2. Arrangement to enable directors to acquire shares or debentures

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

3. Directors' interests in shares or debentures

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

	Shareholdings registered in the name of Director		Shareholdings in which Directors are deemed to have an interest	
	At 01/04/2008	At 31/03/2009	At 01/04/2008	At 31/03/2009
Ordinary Shares				
<u>The Company</u>				
Vegesna Atchyuta Rama Raju	-	-	10,000	10,000
<u>Vama Industries Limited</u>				
Vegesna Atchyuta Rama Raju	2,028,524	2,028,524	17,400	17,400

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

4. Directors' contractual benefits

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

5. Share options

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



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

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

6. Auditors

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

On behalf of the Board

Sd/-
Vegesna Atchyuta Rama Raju
Director

Sd/-
Venkataramana Peri
Director

Date : August 17, 2009
Place : Singapore

STATEMENT BY DIRECTORS

In the opinion of the directors, the financial statements of the Company set out on pages 66 to 76 are drawn up so as to give a true and fair view of the state of affairs of the Company as at March 31, 2009 and of the results, changes in equity and cash flows of the Company for the financial year then ended and at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board

Sd/-
Vegesna Atchyuta Rama Raju
Director

Sd/-
Venkataramana Peri
Director

Date : August 17, 2009
Place : Singapore



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

We have audited the financial statements of Vama Asia Pte Ltd (the "Company") for the year ended March 31, 2009 as set out on pages 66 to 76, which comprises of the balance sheet of the Company as at March 31, 2009 and the income statement, changes in equity and cash flow statement for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

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

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

Auditor's responsibility

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

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

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

Opinion

In our opinion,

- (a) the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting standards so as to give a true and fair view of the state of affairs of the Company as at March 31, 2009 and of the results, changes in equity and cash flows of the Company for the financial year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

KG Tan & Company
Public Accountants and
Certified Public Accountants

Date : August 17, 2009
Place : Singapore



BALANCE SHEET AS AT MARCH 31, 2009

	Note	2009 \$	2008 \$
ASSETS			
<u>Non-current assets</u>			
Plant and equipment	5	-	-
<u>Current assets</u>			
Cash and cash equivalents	6	6,178	9,896
Amount due from Holding Company	7	9,787	9,787
		<u>15,965</u>	<u>19,683</u>
Total Assets		<u>15,965</u>	<u>19,683</u>
EQUITY			
Share Capital	8	10,000	10,000
Retained earnings		3,965	7,383
Total Equity		<u>13,965</u>	<u>17,383</u>
LIABILITIES			
<u>Current liability</u>			
Accrued operating expenses		2,000	2,300
Total liability		<u>2,000</u>	<u>2,300</u>
Total equity and liability		<u>15,965</u>	<u>19,683</u>

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

**INCOME STATEMENT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2009**

	Note	2009 \$	2008 \$
General and administrative expenses, representing loss before tax	3	(3,418)	(3,854)
Income tax	4	-	-
Net loss for the year		(3,418)	(3,854)

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED MARCH 31, 2009

Note	Share Capital \$	Retained earnings \$	Total equity \$
Balance as at April 1, 2007	10,000	11,237	21,237
Net loss for the year	-	(3,854)	(3,854)
Balance as at March 31, 2008	10,000	7,383	17,383
Balance as at April 1, 2008	10,000	7,383	17,383
Net loss for the year	-	(3,418)	(3,418)
Balance as at March 31, 2009	10,000	3,965	13,965

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



CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED MARCH 31 2009

	2009 \$	2008 \$
Cash flows from operating activities		
Loss before tax	(3,418)	(3,854)
Adjustments for:		
- Depreciation	-	226
Operating cash flow before working capital changes	<u>(3,418)</u>	<u>(3,628)</u>
Change in operating assets and liabilities:		
- Accrued operating expenses	(300)	350
- Amount due to a director	-	(3,500)
Net cash used in operations	<u><u>(3,718)</u></u>	<u><u>(6,778)</u></u>
Income tax paid	-	(320)
Net cash used in operating activities	<u>(3,718)</u>	<u>(7,098)</u>
Net decrease in cash and cash equivalents	(3,718)	(7,098)
Cash and cash equivalents at beginning of year	9,896	16,994
Cash and cash equivalents at end of year	<u><u>6,178</u></u>	<u><u>9,896</u></u>

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



NOTES TO THE FINANCIAL STATEMENTS

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

1. General

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

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

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

2. Significant accounting policies

Basis of preparation

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

The Company has adopted all the new/revised FRS and Singapore Interpretations of Financial Reporting Standards ("INT FRS") that are mandatory for the financial period beginning on or after January 1, 2008.

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

Plant and equipment

(a) Measurement

All plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of plant and equipment includes expenditure that is directly attributable to the acquisition of the items.

(b) Depreciation

Depreciation on plant and equipment is calculated using the straight line method to allocate their depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	Useful lives (years)
Furniture and fittings	3

The residual values and useful lives of plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date.

**(c) Subsequent expenditure**

Subsequent expenditure relating to plant and equipment that has already been recognized is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure made, will flow to the Company and the cost can be reliably measured. Other subsequent expenditure is recognized as an expense during the financial year in which it is incurred.

(d) Disposal

On disposal of an item of plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the income statement.

(e) Impairment

Plant and equipment are reviewed for impairment whenever there is any indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value in use) of the asset is estimated to determine the amount of impairment loss.

If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The impairment loss is recognized in the income statement.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the asset in prior years. A reversal of impairment loss for an asset is recognized in the income statement.

Deferred income taxes

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

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

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

Receivables and payables

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

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

**Provisions for other liabilities and charges**

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

Cash and cash equivalents

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

Foreign currency transactions

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

Future changes in FRS

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

Reference	Description	Effective for annual periods beginning on or after
FRS 1	Presentation of Financial Statements - Revised	1 January 2009
INT FRS 113	Customer Loyalty Programmes	1 July 2008
FRS 23	Borrowing Costs – Revised	1 January 2009
FRS 108	Operating Segments	1 January 2009

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

Financial assets**a) Classification**

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

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

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

ii) Loan and receivables

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

iii) Financial assets, held-to-maturity

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

iv) Financial assets, available-for-sale

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

b) Recognition and derecognition

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

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

c) Initial measurement

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

d) Subsequent measurement

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

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

Changes in the fair value of monetary assets denominated in a foreign currency and classified as available-



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

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

e) *Impairment*

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

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

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

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

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

ii) *Financial assets, available-for-sale*

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

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

Financial Risk and management

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



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

(i) Currency risk

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

The Company's currency exposure to its United States Dollar bank balance is disclosed in Note 6 to the financial statements.

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

Capital risk management

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

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

Fair value of financial assets and financial liabilities

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

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

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

Critical accounting judgements and key sources of estimation uncertainty

Impairment of Investment in associated company

Determining whether investment in associated company is impaired requires an estimation of the value in use of the investment and the cash-generating unit to which the investment has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the asset or cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of investment in associated company in the company's financial statements at the balance sheet date was US\$ 90,000 and no impairment is required.



3. Loss before tax

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

	2009 \$	2008 \$
Depreciation	-	226
Net exchange (gain) loss	(84)	215

4. Income tax

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

	2009 \$	2008 \$
Loss before tax	(3,418)	(3,854)
Tax calculated at tax rate of 17% (2008: 18%)	(615)	(694)
<i>Reconciling items</i>		
Expenses not deductible for tax purposes	615	694
Tax charge	-	-

5. Plant and equipment

	Furniture and fittings \$
Cost	
Balance as at April 1, 2008	680
Disposal	(680)
Balance as at March 31, 2009	-
Accumulated depreciation	
Balance as at April 1, 2008	680
Disposal	(680)
Balance as at March 31, 2009	-
Depreciation for 2008	226
Net book value March 31, 2009	-
Net book value March 31, 2008	-

**6. Cash and cash equivalents**

	2009 \$	2008 \$
Cash at bank	3,830	7,548
Cash on hand	2,348	2,348
	6,178	9,896

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

	2009 \$	2008 \$
United States Dollar	2,539	2,575

7. Amount due from holding company

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

8. Share CapitalIssued and fully paid ordinary shares

	No. of shares	Value \$
2008 Balance as at beginning and end of the year	10,000	10,000
2009 Balance as at beginning and end of the year	10,000	10,000

9. Authorisation of financial statements

These financial statements were authorized for issue in accordance with a resolution of the board of directors of Vama Asia Pte Ltd on August 17, 2009.



VAMA INDUSTRIES LIMITED

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

ATTENDANCE SLIP

(Please present this slip at the Meeting Venue)

Regd. Folio No. :

No. of Shares Held:

Client ID No. :

DP ID No. :

I hereby record my presence at the 24th Annual General Meeting of the members of the Company held on September 30, 2009 at 10:00 a.m. at # 201, Sri Sai Darsan Residency, 7-1-408 to 413, Balkampet Road, Ameerpet, Hyderabad – 500 016.

.....
Name of the Shareholder / Proxy

.....
Signature of Member / Proxy

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



VAMA INDUSTRIES LIMITED

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

PROXY FORM

Regd. Folio No. :

No. of Shares Held:

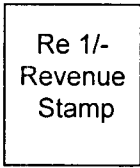
Client ID No. :

DP ID No. :

I/We.....being a member/members of Vama Industries Limited hereby appoint..... in the District of as my/our proxy to attend and vote for me/us and on my/our behalf at the 24th Annual General Meeting of the Company to be held on Wednesday, September 30, 2009 at 10.00 a.m. at # 201, Sri Sai Darsan Residency, 7-1-408 to 413, Balkampet Road, Ameerpet, Hyderabad-500 016 and at any adjournment thereof :

Singed this Day of 2009
(Member)

Signature
(Proxy)



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

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BOOK - POST

If undelivered please return to:

VAMA INDUSTRIES LIMITED

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