



# **VAMA INDUSTRIES LIMITED**

**33rd  
Annual Report  
2017-18**

[www.vamaind.com](http://www.vamaind.com)

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# Corporate Information



<b>Executive Directors</b>	<b>Designation</b>
V. Atchyuta Rama Raju V. Rajam Raju	Chairman and Managing Director Executive Director
<b>Non Executive &amp; Independent Directors</b>	<b>Company Secretary &amp; Compliance Officer</b>
K. Vara Prasad Raju V. Srinivas K. Venkata Krishna Rao	M K Bhaskara Teja
<b>Non-Executive Director</b>	<b>Internal Auditors</b>
R. Rama Sravanthi	KCR & Associates Chartered Accountants 1-3-176/4/G/9, Gandhi Nagar, Kavadiguda, Hyderabad - 500080.
<b>Statutory Auditors</b>	<b>Registrar &amp; Share Transfer Agents</b>
M/s. NSVR & Associates LLP., Chartered Accountants Flat No. 201, Nestcon Gayatri, Plot no.28, Near South Indian Bank, Panchavathi Co-Operative Society, Road No.10, Banjara Hills, Hyderabad-500034,	M/s. Bigshare Services Private Limited 306, Right Wing, Amrutha Ville Opp.Yashoda Hospital, Somajiguda, Rajbhavan Road, Hyderabad – 500 082.
<b>Bankers</b>	<b>Secretarial Consultants</b>
State Bank of India HDFC Bank	P.S Rao & Associates Company Secretaries Flat No: 10, 4th Floor # 6-3-347/22/2, Dwarakapuri Colony, Panjagutta, Hyderabad–500082
<b>Registered Office</b>	<b>Website &amp; email Id for Investors</b>
Ground Floor, 8-3-191/147/24 Plot No. B-12, Madhura Nagar S.R. Nagar[Post], Hyderabad 500 038 Tel: +91 40 6661 5534 / 6661 9919 Fax: +91 40 2370 8672	Website : <a href="http://www.vamaind.com">www.vamaind.com</a> email Id : <a href="mailto:investorservices@vama.co.in">investorservices@vama.co.in</a>
<b>Corporate Offices:</b>	<b>33rd Annual General Meeting</b>
Ground Floor, 8-2-248/1/7/78/12,13 Block-A, Laxmi Towers, Nagarjuna Hills, Punjagutta, Hyderabad - 500082  Office No: 619, 6th Floor, Maker Chambers - V Nariman Point, Mumbai - 400021.	Date & Time : 26th September, 2018 at 10.00 A.M Day: Wednesday Venue: Hotel Innner Circle, Raj Bhavan Road, Somajiguda, Hyderabad – 500082.
<b>Cut off Date</b>	<b>Book Closure Period</b>
Date: 19th September, 2018 [Wednesday]	From: 20th September, 2018 [Thursday] To: 26th September, 2018 [Wednesday] (Both days inclusive)

## COMMITTEES OF THE BOARD

### Audit Committee

Mr. V. Srinivas	–	Chairman
Mr. K. V. Krishna Rao	–	Member
Mr. K. Vara Prasad Raju	–	Member

### Nomination and Remuneration Committee

Mr. K. V. Krishna Rao	–	Chairman
Mr. V. Srinivas	–	Member
Mr. K. Vara Prasad Raju	–	Member

### Stakeholders Relationship Committee

Mr. K.V. Krishna Rao	–	Chairman
Mr. V. Srinivas	–	Member
Mr.V. Atchyuta Rama Raju	–	Member

### Risk Management Committee

Mr. V.Srinivas	–	Chairman
Mr. V. Atchyuta Rama Raju	–	Member
Mr. V. Rajam Raju	–	Member

# Message from the Chairman



Dear Stakeholders,

## Greetings!

This is indeed the time, if feel, for me and my team mates on the Board and other colleagues to share with all of you, the journey we have traversed during the year gone by. I take this privileged opportunity to present certain key glimpses of our Company's performance, its financial position, its industry positioning and the various opportunities before it.

When I peep into my previous year's message, I recollect certain statements made to you as regards our performance and the growth story thereon. The financial figures of 2017-18 show a noteworthy improvement over the corresponding figures of FY 2016-17. Our realistically planned and strategized business model coupled with timely execution has put us in a commendable position in the niche space of our operations.

Our wholly owned subsidiary in Singapore, has served its purpose well. Undoubtedly, it has been able to bridge the gap between the Company and its clients located overseas. We feel it will further go a long way in delivering our overseas commitments and providing satisfactory services to our offshore clients. As a part of our drive to expand our territorial reach, we have opened an office in Bengaluru apart from that in New Delhi. Further, we are now better geared up to bid for government contracts of higher value. Orders which were received from ISRO & CDAC during the year are very significant to us and based on that we shall expand our business in different territories in India. We have been implementing projects all over India for Defence and Space sectors and are taking up turnkey projects.

We are increasing the sales and marketing activities for the international market especially for the Engineering Services, ITES business and IOT. We are confident that with the increase in sales and marketing activities; our international business will also grow on a sustained note.

I hope our strategies will yield positive results in the ensuing years and we will be able to present better and better results before you.

I take this opportunity to reaffirm to all the stakeholders that our company is well placed in terms of rival competition and the performance is bound to strengthen year upon year.

With this short message, I wrap up and wish all the stakeholders a very successful financial year ahead.

Good luck

Sd/-

**V. Atchyuta Rama Raju**  
Chairman and Managing Director

Hyderabad.

# Notice

## 33rd Annual General Meeting



Notice is hereby given that the Thirty Third (33rd) Annual General Meeting [AGM] of the members of Vama Industries Limited will be held on Wednesday, 26th day of September, 2018 at 10.00 A.M at Hotel Inner Circle, Raj Bhavan Road, Somajiguda, Hyderabad - 500082, to transact the following items of business :

### ORDINARY BUSINESS

#### Item 1: Adoption of Financial Statement.

To receive consider and adopt:

- a. the audited Financial Statement of the Company for the Financial Year 2017-18 together with the Report of the Board of Directors and Auditors thereon; and
- b. the audited Consolidated Financial Statement of the Company for the Financial Year 2017-18 together with the Report of the Auditors thereon.

#### Item 2: Declaration of Dividend.

To declare final dividend on equity shares for the financial year ended March 31, 2018.

#### Item 3: Reappointment of Director.

To appoint a Director in place of Mrs.R. Rama Sravanthi(DIN:07098278) who retires by rotation and being eligible offers herself for reappointment.

#### Item 4: Appointment of Auditors.

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

**“RESOLVED THAT** pursuant to section 139, 140 (4), 141 and 142 and other applicable provisions of the Companies Act, 2013 (hereinafter referred to as the ‘Act’) and Rules there under, M/s. V N S S & Associates, Chartered Accountants, bearing FRN 018367S and in respect of whom the Company has received a Special Notice under Section 140 (4) of the Act, proposing their appointment in place of NSVR & Associates LLP., Chartered Accountants, who have

expressed their unwillingness to continue to hold the office as such, be and are hereby appointed as the Statutory Auditors of the Company to hold office for a period of 5 years, i.e, from the conclusion of the 33rd Annual General Meeting to the conclusion of the 38th Annual General Meeting, at such remuneration as may be agreed upon by the Board of Directors and the Auditors, in addition to the reimbursement of all out of pocket expenses incurred in connection therewith.”

### SPECIAL BUSINESS

#### Item 5: To re-appoint Mr. V.Atchyuta Rama Raju (DIN: 00997493), to the office of Managing Director of the Company.

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

**“RESOLVED THAT** pursuant to the provisions of Section 196, 197, 203 and other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Schedule V to the Act (including any statutory modification(s) or re-enactments thereof for the time being in force), the re-appointment of Mr. V. Atchyuta Rama Raju (DIN: 00997493) to the office of Managing Director of the Company for a period of 3 years w.e.f 31.07.2018 at a remuneration of Rs.1.65Lacs per month as approved by the Nomination and Remuneration Committee and also by the Board of Directors, be and is hereby approved.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to increase or decrease the overall remuneration subject to the maximum limit of Rs.2.50lacs per month or make any variation(s), alteration(s), addition(s), deletion(s), to the aforementioned remuneration structure, as it may deem fit and proper, during the currency of tenure of Mr. V. Atchyuta Rama Raju as Managing Director of the Company.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to do all such acts, deeds and things as may be required in this regard.

**Item 6: To re-appoint Mr. V. Rajam Raju (DIN: 01314420), to the office of Executive Director of the Company.**

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

**“RESOLVED THAT** pursuant to the provisions of Section 196, 197, 203 and other applicable provisions of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Schedule V to the Act (including any statutory modification(s) or re-enactments thereof for the time being in force), the re-appointment of Mr. V. Rajam Raju (DIN: 01314420) to the office of Executive Director of the Company for a period of 3 years w.e.f 31.07.2018 at a remuneration of Rs.1.50Lacs per month as approved by the Nomination and Remuneration Committee and also by the Board of Directors, be and is hereby approved.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to increase or decrease the overall remuneration subject to the maximum limit of Rs.2.25lacs per month or make any variation(s), alteration(s), addition(s), deletion(s), to the aforementioned remuneration structure, as it may deem fit and proper, during the currency of tenure of Mr. V. Rajam Raju as Executive Director of the Company.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to do all such acts, deeds and things as may be required in this regard.

**Item 7: Appointment of Mr. V. Srinivas (DIN: 08050605), to the office of Independent Director**

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

**“RESOLVED THAT** Mr. V. Srinivas (DIN: 08050605), who was appointed by the Board of Directors as an Additional Director of the Company with effect from January 10, 2018 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 161(1) of the Companies Act, 2013 (“Act”) and the Articles of Association of the Company but

who is eligible for appointment and in respect of whom the Company has received a notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as Director of the Company.”

**“RESOLVED FURTHER THAT** pursuant to the provisions of section 149, 152 and other applicable provisions, if any, of the Act and the Companies (Appointment and Qualifications of Directors) Rules, 2014, read with Schedule IV to the Act, as amended from time to time, the appointment of Mr. V. Srinivas to the office of Independent Director, who meets the criteria for independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and who has submitted a declaration to that effect, and who is eligible for appointment as an Independent Director of the Company, not liable to retire by rotation, for a term of five years commencing from January 10, 2018 be and is hereby approved.”

**Item 8: Appointment of Mr. K. Venkata Krishna Rao (DIN: 01889382) to the office of Independent Director**

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

**“RESOLVED THAT** Mr. K. Venkata Krishna Rao (DIN: 01889382), who was appointed by the Board of Directors as an Additional Director of the Company with effect from January 10, 2018 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 161(1) of the Companies Act, 2013 (“Act”) and the Articles of Association of the Company but who is eligible for appointment and in respect of whom the Company has received a notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as Director of the Company.”

**“RESOLVED FURTHER THAT** pursuant to the provisions of Section 149, 152 and other applicable provisions, if any, of the Act and the Companies (Appointment and Qualifications of Directors) Rules, 2014, read with Schedule IV to the Act, as amended from time to time, the appointment of Mr. K. Venkata

Krishna Rao to the office of Independent Director, who meets the criteria for independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and who has submitted a declaration to that effect, and who is eligible for appointment as an Independent Director of the Company, not liable to retire by rotation, for a term of five years commencing from January 10, 2018 be and is hereby approved.”

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

Sd/-  
**M K Bhaskara Teja**  
Company Secretary  
M. No. A39542

24th August, 2018  
Hyderabad

#### NOTES :

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

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

2. Members are requested to bring their attendance

slip along with their copy of the Annual Report to the Meeting.

3. Corporate Members intending to send their authorized representative to attend the Meeting are requested to send to the company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.

4. In case of joint holders attending the Meeting, only such joint holders who are higher in the order of names will be entitled to vote.

5. Member / Proxies / authorised representatives should bring the duly filled attendance slip to attend the meeting.

**6. The Register of Members and Share Transfer Books will remain closed from Thursday, September 20, 2018 to Wednesday, September 26, 2018 (both days inclusive).**

7. Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the Registered Office of the Company on all working days during business hours upto the date of the Annual General Meeting.

8. The dividend on Equity shares, if declared at the Meeting, will be dispatched / credited to those members whose names appear on the Company's Register of Members on the close of Wednesday, September 19, 2018 and in respect of the shares held in dematerialized form, the dividend will be paid to members whose names are furnished by National Securities Depository Limited [NSDL] and Central Depository Services (India) Limited [CDSL] as beneficial owners as on that date.

9. Members, who hold shares in the dematerialized form and wish to change / rectify the bank details, should send the same immediately to their concerned Depository Participant and not to the Company. Members are also requested to give the MICR code of their Bank to their Depository Participants. While making payment



of Dividend, Registrar is obliged to use only the data provided by the Depositories.

10. Physical Shares – Payment of Dividend through NECS: Members holding shares in Physical form are advised to submit particulars of their Bank account viz. Name and Address of the Branch of the Bank, MICR code, type of account and account number to our Registrar and Share Transfer Agent, M/s Bigshare Services Private Limited, Hyderabad.
11. Members holding shares in Physical form are requested to advise any change of address immediately to the Company/ Registrar and Share Transfer Agent.
12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their Demat accounts. Members holding shares in physical form may submit their PAN to the Company / Bigshare Services (P) Ltd.
13. Members who are holding Physical Shares in identical order of names in more than one folio are requested to send to the Company or to the Company's Share Transfer agent, the details of such folios together with the Share Certificates for consolidating their holding into single folio. The Share Certificates will be returned to the members after making requisite changes thereon.
14. Members who wish to claim Dividend, which has remained unclaimed are requested to either correspond with the Secretarial Department at the Company's Registered Office or the Company's Registrar and Share Transfer Agent (M/s. Bigshare Services Private Limited). Members are requested to note that dividends not encashed or not claimed within **Seven Years** from the date of transfer to the Company's Unpaid Dividend Account, will as per Companies Act, be transferred to the Investor Education

and Protection Fund (IEPF) of Government of India.

15. Members are requested to mandatorily quote their Registered Folio No. or Demat Account No. and Depository Participant Identification Number (DPID No) on all correspondence with the company.

Securities and Exchange Board of India [SEBI] vide circular ref No.MRD/Dop/CIR-05/2007 dated April 27, 2007 made PAN, the sole Identification Number for all participants transacting in the Securities Market, irrespective of the amount of transaction. In continuation to the aforesaid circular, it is hereby clarified that for Securities Market Transactions and off market/ private transactions involving transfer of shares of listed companies in Physical form, it shall be mandatory for the transferee(s) to furnish copy of PAN card to the company/ RTA for registration of such Transfer of Shares.

16. Members are advised to update their email IDs with Company's RTA and/or concerned Depository participants as soon as possible.
17. As per Secretarial Standards 2 (SS-2), complete particulars of the venue of the Meeting (route map) is attached herewith to the Notice.
18. Information in respect of Directors seeking appointment/ re-appointment as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached herewith to the Notice.

#### 19. Remote E-Voting :

The items of business set out in the Notice may be transacted through electronic voting system. Therefore, the Company is providing facility for voting by electronic means. Pursuant to Section 108 of the Companies Act 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time and in force as on date and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015,

the Company is pleased to offer remote e-voting facility, as an alternate, to its members in respect of the business to be transacted at the AGM.

The members, whose names appear in the Register of Members / list of Beneficial Owners as on Wednesday, September 19, 2018, i.e. the date prior to the commencement of Book Closure date, are entitled to vote on the resolutions set forth in this Notice. Eligible members who have acquired shares after the dispatch of the Annual Report may approach the Company for required assistance in connection with generation of the User ID / Password in order to exercise their right to vote by electronic means. The remote e-voting period will commence at 9.00 A.M. on Sunday, September 23, 2018 and will end at 5.00 P.M. on Tuesday, September 25, 2018. The members will not be able to cast their votes electronically beyond the date and time mentioned above.

The Company has appointed Mr. Vikas Sirohiya, Practicing Company Secretary (Membership. No. 15116 and C.P No. 5246) to act as the Scrutinizer to conduct and scrutinize the voting process in a fair and transparent manner. The Members desiring to vote through electronic mode may refer to the detailed procedure on remote e-voting given hereunder:

#### **PROCEDURE FOR REMOTE E-VOTING:**

The remote e voting period begins at 9.00 A.M. on Sunday, September 23, 2018 and ends at 5.00 P.M. on Tuesday, September 25, 2018. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. September 19, 2018, may cast their vote electronically. The remote e-voting module shall be disabled by CDSL for voting thereafter.

#### **A. In case of members receiving e-mail (for members whose e-mail address are registered with the Company/Depositories)**

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

### For Members holding shares in Demat/ Physical Form

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

- (vii) After entering these details appropriately, click on **“SUBMIT”** tab.
- (viii) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for remote e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for remote e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xi) On the voting page, you will see **“RESOLUTION DESCRIPTION”** and against the same the option **“YES/ NO”** for voting. Select the option **YES** or **NO** as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the **“RESOLUTIONS FILE LINK”** if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution you have decided to vote on, click on **“SUBMIT”**. a confirmation box will be displayed. If you wish to confirm your vote, click on **“OK”**, else to change your vote, click on **“CANCEL”** and accordingly modify your vote.
- (xiv) Once you **“CONFIRM”** your vote on the resolution, you will not be allowed to modify your vote.

- (xv) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvi) If Demat account holder has forgotten the same password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvii) Note for Non – Individual Shareholders and Custodians
  - ❖ Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporate.
  - ❖ A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - ❖ After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - ❖ The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - ❖ A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xviii) In case you have any queries or issues regarding remote e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [help desk.evoting@cdslindia.com](mailto:help desk.evoting@cdslindia.com).
- B.** In case of members receiving the physical copy of Notice of AGM (for members whose e-mail ids are not registered with the Company/Depositories):

Please follow all the steps from Sl. No. (i) to Sl.No.(xvii) to cast vote

The Scrutinizer shall immediately after the conclusion of voting at the AGM, first count the votes cast at the Meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least 2 witnesses not in the employment of the Company and make not later than 3 days of conclusion of the Meeting a consolidated Scrutiniser’s Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same and declare the result of voting forthwith.

Members who do not have access to remote e-voting facility have been additionally provided the facility of voting on a Ballot Form. They may send duly completed Ballot Form (enclosed with the Annual Report) to the Scrutinizer, Mr.Vikas Sirohiya, Practicing Company Secretary (M. No. 15116), at the Registered Office of the Company so as to reach before the conclusion of the 33rd Annual General Meeting or can carry the same to the Annual General Meeting and deposit in the Ballot Box during the Meeting. The facility for voting, either through ballot or polling paper shall also be made available at the Meeting and members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the Meeting. The members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

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

Members have the option to request for physical copy of Ballot Form by sending an e-mail to [investorservices@vama.co.in](mailto:investorservices@vama.co.in) by mentioning their Folio / DP ID and Client ID.

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

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

Sd/-

**M K Bhaskara Teja**  
Company Secretary  
M. No. : A39542

24th August, 2018  
Hyderabad.

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.

### Item Nos. 5 & 6

#### **Re-appointment of Mr. V. Atchyuta Rama Raju (DIN: 00997493) and Mr. V. Rajam Raju (DIN: 01314420) to the respective office of Managing Director & Executive Director of the Company.**

As you are aware, Mr. V. Atchyuta Rama Raju is the promoter of the Company and has been associated as its Chairman & Managing Director in the executive position since more than a decade. It would not be an exaggeration to mention that the Company owes its very existence to his incessant hard work and extensive experience in the field of Information Technology, IT Enabled services and System Integration.

Similarly, Mr. V. Rajam Raju, who is also the promoter of the Company and has been associated as its Executive Director since more than a decade, has proved his worth in more than one ways while discharging multi-functional responsibilities in the Engineering Division of the Company.

Considering their unparalleled contribution in the past and their inevitable association in the future, the Board of Directors, in their Meeting held on 20th July, 2018 made the following reappointments for a period of 3 years with effect from 31st July, 2018.

- Mr. V. Atchyuta Rama Raju reappointed as the Managing Director along with the designation of Chairman of the Company.
- Mr. V. Rajam Raju reappointed as the Executive Director of the Company

Pursuant to the provisions of Section 196 and 197 of the Companies Act, 2013 read with Schedule V to the said Act, any such appointment needs to be approved by the members in their General Meeting.

In view of the aforesaid, the resolutions set out at Item No. 5 & 6 are recommended for your consideration.

A Copy of each draft letter of appointment of Mr. V. Atchyuta Rama Raju as the Managing Director (Chairman), and that of Mr. V. Rajam Raju as the Executive Director of the Company setting out the terms and conditions are available for inspection by members at the Registered Office of the Company during the working hours on any working day till the conclusion of the ensuing AGM.

Both Mr. V. Atchyuta Rama Raju and Mr. V. Rajam Raju and their relatives are interested in the resolutions set out at Item No. 5 and 6 in the Notice.

Save and except the aforesaid, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolutions set out at Item No. 5 & 6 in the Notice.

### **Brief profiles**

#### **1. Mr. V. Atchyuta Rama Raju**

Mr. V. Atchyuta Rama Raju (55 years) is a commerce graduate and he is a Promoter of the Company. He takes personal interest in developing teams with a strong belief that ordinary people are capable of making things possible. As the Chairman and Managing Director of the company he carries the overall responsibility for the strategy and operations of IT business.

During his tenure, the business achieved significant success accelerating both growth and profitability; he has been instrumental in building leadership talent and substantially strengthening organizational capabilities. He is a member of Stakeholder Relationship Committee and Risk Management Committee. He is also acting as Managing Director in M/s. Vama Infrastructure and Equipment Pvt Ltd.

It is proposed to seek members approval for the re-appointment of and remuneration payable to Mr. V. Atchyuta Rama Raju as Managing Director of the Company, in terms of the applicable provisions of the Act.

## **2. Mr. V. Rajam Raju**

Rajam Raju is Vama's Co-Promoter and Executive Director. He has executive responsibility for Vama's operations. In addition, he also oversees the relationships with clients. He holds a masters degree in mechanical engineering with production as engineering Specialization. He is a member of Risk Management Committee.

Detailed Profiles of Mr. V. Atchyuta Rama Raju & Mr. V. Rajam Raju are available and can be accessed at <https://vamaind.com/management-profiles.html>

## **Item Nos. 7 & 8**

### **Appointment of Mr. V. Srinivas (DIN: 08050605) and Mr. K. Venkata Krishna Rao (DIN: 01889382) to the office of Independent Directors of the Company**

The members may note that pursuant to the provisions of Section 161 of the Companies Act, 2013, the following persons were appointed as Additional Directors (in the Independent category) of the Company with effect from 10.01.2018, who hold the office as such till the ensuing Annual General Meeting:

- Mr.V. Srinivas
- Mr. K. Venkata Krishna Rao

The Company has received in writing from members along with the deposit of Rs.1 lac as required under Section 160 of the Act proposing the respective candidature of Mr.V. Srinivas & Mr. K. Venkata Krishna Rao for the office of Director of the Company.

Pursuant to the provisions of Section 160 of the Companies Act, 2013 read with Rules thereunder, any proposal to appoint a Director needs to be approved by the members in their General Meeting.

The aforesaid appointees have declared that they are not disqualified from being appointed as Director in terms of Section 164 of the Act and that they meet the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act. They have also given their respective consents for the proposed appointments to the office of Director of the Company.

Further, in the opinion of the Board, Mr.V. Srinivas & Mr. K. Venkata Krishna Rao fulfill the conditions of their appointment as Independent Directors as specified in the Act and the Rules made thereunder and they are independent of the Management as well.

Aforesaid Independent Directors possess immense wealth of knowledge and expertise in their respective fields and bring with them vast and rich experience that would definitely help the Company to take itself to the next level of growth. Keeping the said in view, it will be in the best interest of the Company that the said Additional Directors be appointed as Directors on the Board of the Company.

Pursuant to the provisions of Section 149 of the Act, an independent director shall hold office for a term upto 5 (Five) consecutive years on the Board of a company and he shall not be included in the total number of directors for calculating the number of directors who would retire by rotation. If the appointment is approved, Mr. V. Srinivas & Mr. K. Venkata Krishna Rao shall hold their respective office of Independent Director of the Company upto 09th January, 2023.

In view of the aforesaid, the resolutions set out at Item No.7 & 8 are recommended for your consideration.

A copy of each draft letter of appointment of Mr.V. Srinivas & Mr. K. Venkata Krishna Rao as Independent Directors setting out the terms and conditions is available for inspection by members at the Registered Office of the Company. Mr.V. Srinivas & Mr. K. Venkata Krishna Rao may be deemed to be interested in the respective resolutions proposing the appointments set out at Item No. 7 & 8 in the Notice.

Save and except the aforesaid none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolutions set out at Item No. 7 & 8 in the Notice.

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

24th August, 2018  
Hyderabad

Sd/-  
**M K Bhaskara Teja**  
Company Secretary  
M. No. : A39542



Additional Disclosure in terms of Section II of Part II of Schedule V of the Companies Act, 2013 in relation to Item Nos.5 and 6

<b>I. GENERAL INFORMATION</b>			
Nature of Industry	IT & IT Enabled Services		
Date of commencement of commercial operation	The Company was incorporated in the year 1985 and obtained certificate of Commencement of Business in the same year.		
<u>Financial Performance</u>	(Rs. in lakhs)		
	<b>2017-18</b>	<b>2016-17</b>	<b>2015-16</b>
Financial parameters:	(audited)	(audited)	(audited)
Turnover (operational revenue)	6863.00	4286.32	4586.35
Net profit after tax	469.90	110.64	25.11
Amount of dividend paid	0.10	0.10	0.10
Rate of dividend declared	5%	5%	1%
	(FV 2/-)	(FV 2/-)	(FV 10/-)
<b>Foreign Investments or collaborations</b>	We have invested an amount of Rs. 3,89,040 in our wholly owned subsidiary M/s. Vama Technologies Pte. Ltd in Singapore		

## II. INFORMATION ABOUT THE APPOINTEE

	<b>Mr. V. Atchyuta Rama Raju</b>	<b>V. Rajam Raju</b>
Background Details	Mr. V. Atchyuta Rama Raju (55 years) is a commerce graduate and he is a Promoter of the Company. He takes personal interest in developing teams with a strong belief that ordinary people are capable of making things possible. As the Chairman and Managing Director of the company he carries the overall responsibility for the strategy and operations of IT business.	RajamRaju is Vama's Co-Promoter and Executive Director. He has executive responsibility for Vama's operations. In addition he also oversees the relationships with clients. He holds a master's degree in mechanical engineering with production engineering as specialization.
Past remuneration (Rs per annum)		
2017-18	Rs. 1.65 Lacs	Rs. 1.50 Lacs
2016-17	Rs. 1.65 Lacs	Rs. 1.50 Lacs

Job profile and his suitability	As the Managing Director of the Company he handles the overall responsibility for the strategy and operations of IT Business and Communication	He has executive responsibility for Vama's business operations. In addition he also oversees the relationship with clients
Remuneration proposed	Rs.1.65 lacs per month with maximum ceiling limit of Rs. 2.50 lacs per month	Rs.1.50 lacs per month per month with maximum ceiling limit of Rs. 2.25 lacs per month
Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person.	Taking into consideration the size of the Company, the qualification and experience of Mr.V. Atchyuta Rama Raju and the profile being handled by him, the remuneration as mentioned above is on the conservative side as compared to the remuneration being paid to similar position in other Companies.	Taking into consideration the size of the Company and the qualification and experience of Mr. V. Rajam Raju and profile being handled by him, the remuneration as mentioned above is on the conservative side as compared to the remuneration being paid to similar position in other Companies.
Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel if any	<p>In addition to the remuneration drawn by and proposed to Mr. V. Atchyuta Rama Raju, he has indirect pecuniary relationship with the company during the FY 2017-18:</p> <p>Name : V. Parvathi Relation: Wife Nature of Payment: Salary: 2.28 lacs</p> <p>Further, the Company has entered into transactions with Vama Technologies Pte., Ltd., the wholly owned subsidiary, where he is a Director. The details of transactions may be referred at Note.2.31 of the Standalone Financial Statements.</p> <p>Mr. V. Atchyuta Rama Raju is brother of Mr. V. Rajam Raju, the Executive Director of the Company</p>	<p>Apart from the remuneration drawn by and proposed to Mr. V. Rajam Raju he does not have any direct / indirect pecuniary relationship with the Company except that he has provided unsecured to the Company aggregating Rs.9 lacs as on 31.03.2018.</p> <p>Further, he is brother of Mr. V. Atchyuta Rama Raju, Managing Director of the Company.</p>

### III. OTHER INFORMATION

Reasons of loss or inadequacy of profits	The Company's business comprises of sales and services. Due to low margins at domestic level and uncertain global economy, the Company could not generate expected revenues and eventual profitability.
Steps taken or proposed to be taken for improvement	<p>To overcome the present economic situation the Company has, inter alia, taken following steps:</p> <ul style="list-style-type: none"> <li>The Company is exploring new markets/buyers in the international markets to increase the export sales. Setting up of Wholly Owned Subsidiary in Singapore is part of the said strategy.</li> <li>The Company has taken various initiatives to save on the cost so as to improve the profit margin</li> <li>The Company has been taking new initiatives to develop domestic business.</li> </ul>
Expected increase in productivity and profits	The Company is targeting an increase of 20% in the overall turnover and about 5-10% increase in operating profits as compared to previous year.

### III. OTHER INFORMATION

Details of proposed Remuneration	<p>Basic Salary - Rs.70,000  HRA : Rs.28,000  Conveyance Allowance: Rs.800  Medical Allowance: Rs.1,250  Special allowance: Rs.64,950 per month</p>	<p>Basic Salary - Rs.70,000  HRA : Rs.28,000  Conveyance Allowance: Rs.800  Medical Allowance: Rs.1,250  Special allowance: Rs.49,950 per month</p>
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The Explanatory statement together with the accompanying notice may also be regarded as an abstract of the Memorandum of interest of Directors under the provisions of the Companies Act, 2013

Information in respect of Directors seeking appointment/ re-appointment as required under SEBI(Listing Obligations and Disclosure Requirements) Regulation, 2015 read with Secretarial Standards on General Meetings issued by ICSI.

Name of the director	Ms. R. Rama Sravanthi	Mr. V. Atchyuta Rama Raju	Mr. V. Rajam Raju
Date of Appointment	01.03.2015	31.07.2018 (current term as Managing Director)	31.07.2018 (current term as Executive Director)
Date of Birth	01.01.1986	06.04.1963	10.05.1967
Expertise in Specific Functional areas	She is having rich experience in the field of Medical Science promotions	Having more than a decade of experience in Information Technology & IT Enabled services including system integration	Having more than a decade of experience in Engineering related operations
Educational Qualification	Master of Physiotherapy	Graduate in Commerce	Post Graduation in Mechanical Engineering
Directorships in other Companies including Listed Companies.	Nil	Vama Infrastructure and Equipment Pvt Ltd	Vama Infrastructure and Equipment Pvt Ltd
Membership / Chairmanships of committees of Board (other than Vama)	Nil	Nil	Nil
Details of Remuneration sought to be paid and the remuneration last drawn by such person	Nil	Last drawn and proposed remuneration: Rs.1.65 lacs per month	Last drawn and proposed remuneration: Rs.1.50 lacs per month
Shareholding in the Company as on 31.03.2018	Nil	1,25,55,120 Equity shares	58,02,500 Equity shares
Relationship between Directors inter se	Nil	Brother of V. Rajam Raju	Brother of V. Atchyuta Rama Raju
Number of Meetings of the Board attended during the year	6	8	8

<b>Name of the director</b>	<b>Mr. V. Srinivas</b>	<b>Mr. K. Venkata Krishna Rao</b>
<b>Date of Appointment</b>	10.01.2018	10.01.2018
<b>Date of Birth</b>	01.08.1961	16.02.1970
<b>Expertise in Specific Functional areas</b>	Having 10 years of experience in Engineering Division	Having 10 years of experience in Material administration & Management
<b>Educational Qualification</b>	Graduate in B.E Civil Engineering.	Graduate in B.A
<b>Directorships in other Companies including Listed Companies.</b>	Nil	Nil
<b>Membership / Chairmanships of committees of Board (other than Vama)</b>	Nil	Nil
<b>Details of Remuneration sought to be paid and the remuneration last drawn by such person</b>	Nil	Nil
<b>Shareholding in the Company as on 31.03.2018</b>	Nil	34750 Equity shares
<b>Relationship between Directors inter se</b>	Nil	Nil
<b>Number of Meetings of the Board attended during the year</b>	Nil	Nil

**Notice U/s. 140 (4) of the Companies Act, 2013**

Date: 24.08.2018

To  
The Board of Directors  
**M/s. Vama Industries Limited**  
8-3-191/147/24, Plot No B-12,  
Madhura Nagar, S R Nagar (post)  
Hyderabad-500038

Attn: Board of Directors

**Sub:- Proposal to appoint New Auditor in place of retiring Statutory Auditor – Special Notice thereof - Reg.**

I, CH. D. V. V. Prasad Rao, a shareholder of your Company, holding 1,65,369, Equity Shares, pursuant to the provisions of Section 140 (4), and other applicable provisions, if any, of the Companies Act, 2013, hereby propose to appoint, M/s. V N S S & Associates., Chartered Accountants, as the Statutory Auditors of the Company, at the upcoming Annual General Meeting, in place of the existing Statutory Auditors, M/s. NSVR & Associates LLP., Chartered Accountants,.

In the said regard, kindly take this intimation as Special Notice in terms of Section 115 of the Companies Act, 2013 and our intention to move the corresponding resolution at the Annual General Meeting of the Company to be held for the Financial Year ended 31st March, 2018.

We request you to kindly consider the above proposal and do the needful.

Yours Truly,

**CH. D. V. V. Prasad Rao**  
Southern Street  
Eluru - 533401

# Directors' Report



Dear Members,

The Board of Directors are pleased to present the Company's 33rd Annual Report and the Company's Audited Financial Statements (Standalone & Consolidated) for the financial year ended March 31, 2018.

## FINANCIAL PERFORMANCE

Our Financial Performance, for the year ended March 31, 2018 is summarized below:

(₹ In Lakhs)

Particulars	Standalone		Consolidated	
	2017-18	2016-17	2017-18	2016-17
Turnover	6863	4286.32	10354.59	6112.09
Other Income	233.41	22.72	69.79	23.30
<b>Total Income</b>	<b>7096.41</b>	<b>4309.04</b>	<b>10424.38</b>	<b>6135.39</b>
PBIDT	840.87	384.94	788.64	597.57
<b>Less: (i) Interest</b>	<b>174.99</b>	<b>188.96</b>	<b>185.12</b>	<b>190.16</b>
(II) Depreciation	31.94	22.57	31.94	22.57
<b>Profit Before Exceptional Item and Tax</b>	<b>633.94</b>	<b>183.17</b>	<b>571.58</b>	<b>384.84</b>
Exceptional Item	-	-	-	-
<b>Profit Before Tax</b>	<b>633.94</b>	<b>183.17</b>	<b>571.58</b>	<b>384.84</b>
<b>Less: Provision for Tax</b>				
- Current	171.41	63.05	178.12	83.35
- Deferred	(7.37)	9.48	(10.66)	24.26
<b>Profit After Tax</b>	<b>469.90</b>	<b>110.64</b>	<b>404.12</b>	<b>277.23</b>
Earnings Per Share (EPS)	0.89	0.24	0.77	0.52
Balance Carried to B/S.	557.32	252.45	658.13	317.26

## PERFORMANCE SUMMARY AND STATE OF AFFAIRS

At the outset, we are glad to report that the management's decision of incorporating a wholly owned subsidiary in Singapore (WOS) has paid off. In its very 2nd year, the said WOS has reported excellent results, and has boosted the topline as well as the bottomline of the Company.

**A comparative analysis at Consolidated Level and at Standalone Level, year on year basis is hereunder:**

### Consolidated Level

We have achieved a consolidated revenue of Rs.10424.38 Lakhs for the FY 2017-18, an increase of 70% when compared to Rs.6135.39 Lakhs for the FY 2016-17. Further, we have earned a Profit after Tax (PAT) of Rs.404.12 Lakhs for the FY 2017-18, an increase of 46% when compared to Rs.277.23lacs for the FY 2016-17.

Increase in revenue was primarily on account of execution of system integration projects and designing & building of Data Centres for defence sector.

In tune with the Accounting Standards and principles, the financial figures of our Subsidiary have been merged and consolidated with that of our Company.

## **Standalone Level**

At Standalone Level, we have achieved an operational turnover of Rs. 6863 Lacs and Profit after Tax (PAT) of Rs.469.90 Lacs for the FY 2017-18 as against an operational turnover of Rs.4286.32 Lacs and profit after tax of Rs.110.65 Lacs for the FY 2016-17. We feel glad to inform you that there was a spurt of more than 4 times in Net Profits.

With the aforesaid performance in the hindsight, we, at management level, are definitely spirited to record better results in the ensuing Financial Year.

We have resolved not to propose any amount to be transferred to the Reserves for the current Financial Year.

## **BUSINESS OPERATIONS AND FUTURE OUTLOOK**

VAMA has started working on Enterprise Class computer hardware business and also as a System Integrator providing solutions to Defence and Space customers. VAMA has won two major turnkey projects from ISRO recently. VAMA has been implementing projects all over India for Defence and Space sectors and is taking up turnkey projects. VAMA has opened an office in New Delhi and also established a wholly owned subsidiary company at Singapore. With India becoming a dominant player in the Space sector, ISRO will launch multiple satellites during the coming years and the need for Data Center infrastructure will increase rapidly. ISRO is trying to increase its capacity to deliver by scaling up the frequency of launches by building more satellites and lowering the cost of access to space. Having won the major turnkey projects from ISRO, VAMA will get several opportunities to bid for IT infrastructure projects. With the growth in Space and Defence sectors we are confident that we will get opportunities to work on major turnkey projects.

VAMA is also planning to increase the sales and marketing activities for the international market especially for the Engineering Services and ITES business. We are confident that with the increase in sales and marketing activities; our international business will also grow simultaneously.

## **NATURE OF BUSINESS**

There was no change in the nature of Business of our Company during the FY ended 31st March, 2018.

## **DIVIDEND**

We recommend a final dividend of 5% (Re. 0.10 per share) on the capital of Rs.10,50,80,000 comprising 5,25,40,000 fully paid equity shares of Rs. 2/- each for the year ended March 31, 2018.

The proposed dividend, if declared by the members would result in a cash outflow of Rs.52,54,000 towards dividend payout and Rs.10,69,591 as dividend Tax.

The dividend, upon approval by the members, will be paid in compliance with the applicable provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

## **ISSUE AND ALLOTMENT OF SECURITIES / CHANGES IN SHARE CAPITAL**

During the FY 2017-18 there was no change in the share capital of the Company.

The Capital Structure, as on date, stands as follows:



Authorised Capital : Rs.11 Crores

Issued, Subscribed and Paid up Capital :10.51 Crores

## **SUBSIDIARY, JOINT VENTURES & ASSOCIATE COMPANIES**

We have a Wholly Owned Subsidiary in Singapore under the name and style “Vama Technologies Pte Ltd. It is engaged in the business of Information Technology (IT) and IT enabled services. For the FY ended 31st March, 2018, it has recorded a turnover of USD 5.53 Million (Rs 3583.55 Lacs) and a net Profit of USD 0.14 Million (Rs 94.49 Lacs). The said subsidiary made a positive contribution to the topline as well as to the bottom line of our Company. At consolidated level, it contributed Rs. 3583.55 Lacs (34.61%) to the operational revenue. We firmly believe that in the ensuing years, the said subsidiary will play a major role in strengthening the financial performance of our Company.

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013, a statement containing the salient features of the financial statements of the Subsidiary in the prescribed format AOC 1 is provided as **Annexure-I** to this Report. The statement also provides the details of performance, financial position of the said subsidiary.

Further, we undertake that the Annual Accounts of the subsidiary Company and the related detailed information will be made available to the shareholders seeking such information at any point of time. Further, the Annual Accounts of the subsidiary Company shall also be kept for inspection by any shareholder at our Registered office and that of the subsidiary Company.

In accordance with Section 136 of the Companies Act, 2013, the audited financial statements, including the consolidated financial statements and related information of the Company and audited accounts of the subsidiary, are available on our website [www.vamaind.com](http://www.vamaind.com).

The Company does not have any other subsidiary / wholly owned subsidiary apart from Vama Technologies PteLtd., which was incorporated in the FY 2016-17.

The policy on material subsidiaries as per SEBI (LODR) Regulations, 2015 as approved by the Board is uploaded on the website of the Company and may be accessed at [http://www.vamaind.com/Policies/Material\\_Subsiary\\_Determination\\_Policy.pdf](http://www.vamaind.com/Policies/Material_Subsiary_Determination_Policy.pdf)

## **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

The following changes took place in the offices of Directors during the FY ended 31.03.2018:

Mr. R. Venkateswara Rao & V. Ramakrishna Rao, the Independent directors, resigned from the Board w.e.f 16.10.2017 and 10.01.2018 respectively. In their place, the Board at its meeting held on 10.01.2018 appointed Mr. V. Srinivas & K. Venkata Krishna Rao as additional directors (non-executive independent directors), to hold the office as such till the ensuing Annual General Meeting.

However, the Company has received separate Notices in writing along with the deposit of Rs.1,00,000 in each case as required under Section 160 of the Companies Act, 2013 from its shareholders proposing the candidature of the aforesaid Additional directors for the office of Directors of the Company. If appointments are approved, they shall hold the office of Independent Directors for a term of 5 years with effect from 10.01.2018

Respective resolutions proposing the appointment of Directors form part of Notice of the AGM.

We have received respective declaration from all our Independent Directors confirming that they meet the criteria of Independence as prescribed under section 149(6) of the Companies Act, 2013, and under Regulation 25 of SEBI (LODR) Regulations.

The terms of office of Mr. V. Atchyuta Rama Raju, the Managing Director and that of Mr. V. Rajam Raju, the Executive Director of our Company, expires on 31st July, 2018. The Board has re-appointed them vide resolutions dated 20th July, 2018 for another term of 3 years each with effect from 31st July 2018, subject to the approval of members in General Meeting.

Respective resolutions seeking your approval for the said appointments form part of Notice of the AGM.

In terms of Section 152 of the Companies Act, 2013, Mr. V. Rajam Raju (DIN: 01314420 ) was reappointed to the office of Director in the previous AGM held on 25th September, 2017.

Pursuant to the provisions of Section 152 of the Companies Act, 2013 and in accordance with provisions of Articles of Association of the Company, Mrs. R. Rama Sravanthi (DIN:07098278 ) retires by rotation at the ensuing AGM and being eligible, offers herself for re-appointment.

## COMPOSITION OF BOARD COMMITTEES

We have in place all the Committees of the Board which are required to be constituted under the Companies Act, 2013, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A detailed note on the Board and its committees is provided under the Corporate Governance Report section in this Annual Report.

During the year under review, Mr. R. Venkateswara Rao and V. Ramakrishna Rao, upon cessation from their respective office of Independent Directors have eventually ceased to hold their respective office of committee membership also.

Further, Mr. V. Srinivas & Mr. K.V. Krishna Rao, who have been inducted on the Board as Independent Directors have been appointed on the committees also. The reconstituted committees, upon the aforesaid changes are as detailed hereunder:

<b>Audit Committee</b>		
Mr. V. Srinivas	–	Chairman
Mr. K.Venkata Krishna Rao	–	Member
Mr. K. Vara Prasad Raju	–	Member
<b>Nomination and Remuneration Committee</b>		
Mr. K.Venkata Krishna Rao	–	Chairman
Mr. V. Srinivas	–	Member
Mr. K. Vara Prasad Raju	–	Member

Stakeholders Relationship Committee	
Mr. K.Venkata Krishna Rao	– Chairman
Mr. V. Srinivas	– Member
Mr. V. Atchyuta Rama Raju	– Member

Risk Management Committee	
Mr. V. Srinivas	– Chairman
Mr. V. Atchyuta Rama Raju	– Member
Mr. V. Rajam Raju	– Member

## BOARD EVALUATION

In terms of the requirements of the Companies Act, 2013 and the Listing Regulations, an annual performance evaluation of the Board is undertaken where the Board formally assesses its own performance with an aim to improve the effectiveness of the Board and the Committees.

During the year, Board Evaluation cycle was completed by the Company internally which included the evaluation of the Board as a whole, Board Committees and peer evaluation of directors. The exercise was led by the chairman of Nomination and Remuneration Committee. The evaluation process focused on various aspects of the functioning of the Board and Committees such as composition of the Board and its committees, experience and competencies, performance of special duties and obligations, governance issues etc., as on outcome of the exercise, it was noted that the Board as a whole is functioning as a cohesive body which is well engaged with different perspectives. Further, in tune with the evaluation policy and practice, the Nomination and Remuneration Committee carried out the performance evaluation of Mr. V. Atchyuta Rama Raju & Mr. V. Rajam Raju, who were due for reappointment to their respective offices and were eventually reappointed by the Board for another term of 3 years. Further, a preliminary evaluation was also carried out for Mr. K.Venkata Krishna Rao and Mr. V. Srinivas, who were eventually inducted into the Board as Independent Directors. Further, performance evaluation was also carried out for Mrs. R. Rama Sravanthi, who retires by rotation and being eligible for reappointment.

## POLICY ON DIRECTORS' APPOINTMENT, REMUNERATION, ETC.,

The following policies are attached herewith and marked as **Annexure –VIII** and IX respectively:

- Policy for selection of Directors and determining Directors Independence; and evaluation mechanism.
- Remuneration Policy for Directors, Key Managerial Personnel and other employees.

## MEETINGS OF THE BOARD OF DIRECTORS

The meetings of the Board are scheduled at regular intervals to discuss and decide on business performance, policies, strategies and other matters of significance.

The Board duly met 9 times during the Financial Year 2017-18 i.e., 12th April 2017, 30th May 2017, 22nd July 2017, 19th August 2017, 13th November 2017, 14th November 2017, 27th November 2017, 10th January 2018, 08th February 2018. The intervening gap between any two consecutive Board Meetings was within the period prescribed under the provisions of the Companies Act, 2013.

Detailed information regarding the meetings of the Board, Directors attendance etc., is included in the report on Corporate Governance, which forms part of the Board's Report.

## **INTERNAL FINANCIAL CONTROL SYSTEMS**

We have adopted policies and procedures which enables implementation of appropriate internal financial controls across the organization and also ensures the orderly and efficient conduct of business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of fraud, error reporting mechanism, the accuracy and completeness of the accounting records, and timely preparation of reliable financial disclosures. Internal Financial Controls are an integrated part of the Risk Management Process, addressing financial and financial reporting risks. The Internal Financial Controls have been documented, digitized and embedded in the business process.

Assurance on the effectiveness of the Internal Financial Controls is obtained through our management reviews, control self-assessment, continuous monitoring by functional experts as well as testing of the Internal Financial Control systems by the Internal Auditor during the course of audits. We believe that these systems provide reasonable assurance that our Internal Financial Controls are commensurate with the requirements of our organization.

## **AUDITORS**

### **Statutory Auditors:**

The members may note that the existing Statutory Auditors, M/s. NSVR& Associates, LLP, Chartered Accountants have expressed their unwillingness to continue as such for the remaining term of their current tenure. Further, we have received a Special Notice pursuant to the provisions of Section 140(4) of the Companies Act, 2013 proposing to appoint M/s. V N S S & Associates., Chartered Accountants (FRN: 018367S) as the Statutory Auditors in place of M/s. NSVR & Associates, LLP., the outgoing Auditors. They have provided their consent and also furnished a certificate pursuant to the provisions of Section 139 (1) of the Companies Act, 2013 read with Rule 4 of the Companies (Audit and Auditors) Rules, 2014 stating, inter alia that their appointment, if made, will be within the limits laid down under the Act. The Board of directors of the Company based on the recommendation of Audit Committee considered the appointment of M/s. V N S S & Associates., Chartered Accountants, to the said Office.

M/s. V N S S & Associates., Chartered Accountants, upon appointment will hold their office as such for a period of five consecutive years from the conclusion of the ensuing 33rd Annual General Meeting till the conclusion of the 38th Annual General Meeting to be held in the year 2023, subject to the approval of shareholders of the Company.

The shareholders may consider the same.

### **Auditors Observation(s):**

The Statutory Auditors' report on Standalone Financial Statements for the FY 2017-18 issued by the M/s. NSVR& Associates LLP., Chartered Accountants, does not contain any qualification, reservation or adverse remarks.

However, it may be noted that with regard to the financial statements of the subsidiary Company, its Auditors have expressed disclaimer of opinion as regards the said subsidiary's trade receivables, which have been long overdue. The said disclaimer of opinion and its cascading impact has been considered and reported accordingly in the Report on consolidated Financial Statements issued by our Statutory Auditors.

### **Internal Auditors:**

During the year, based on the recommendation of the Audit Committee we have appointed M/s. KCR& Associates, Chartered Accountants, Hyderabad, as the Internal Auditors of the Company. The Internal Auditors submit their report on quarterly basis.

### **Secretarial Auditors :**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the Company has appointed Mr. Vikas Sirohiya, P. S. Rao & Associates, Company Secretaries to undertake the secretarial audit of the Company and we have obtained a Secretarial Audit report from M/s P.S.Rao & Associates, Company Secretaries, Hyderabad.

The copy of said Report is attached herewith and marked as **Annexure –III**.

Further, we would like to clarify that the instances of delay reported by the Secretarial Auditor were just clerical in nature and self explanatory. In view of the said, no further explanation is being provided thereon.

### **COST RECORDS:**

We confirm that the maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 and hence accounts and records related thereto are not required to be made or maintained.

### **SECRETARIAL STANDARDS**

The Directors state that applicable secretarial standards i.e., SS-1 and SS-2 relating to Meeting of the Board of Directors and General Meetings respectively, have been duly followed by the Company.

### **CONTRACTS OR AGREEMENTS WITH RELATED PARTIES**

All Contracts / Agreements /Transactions entered by the Company during the financial year with related parties were in its ordinary course of business and on arm's length basis.

During the year, the Company had not entered into any contract / arrangement / transactions with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions and there were no materially significant related party transactions which could have potential conflict with interest of the Company at large.

Members may refer Note 2.31 to the standalone financial statements which sets out related party disclosure pursuant to Ind AS. The policy on Materiality of Related Party Transactions may be accessed on the Company's website [https://www.vamaind.com/Policies/Related\\_Party\\_Transactions\\_Policy.pdf](https://www.vamaind.com/Policies/Related_Party_Transactions_Policy.pdf)

However, pursuant to the applicable provisions of the Companies Act, 2013, the prescribed details of the aforesaid Related Party Transactions are provided in Form No. AOC -2 annexed herewith and marked as **Annexure –II**.

### **TRANSFER OF UNPAID AND UNCLAIMED AMOUNTS TO IEPF**

Pursuant to the provisions of Section 205C of the Companies Act, 1956 and Section 124(5) of the Companies Act, 2013, any dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to unpaid dividend account needs to be transferred to the Investor Education and Protection Fund (IEPF), established by the Central Government. During the FY 2017-18, the unclaimed dividend in respect of financial year 2009-10 amounting to Rs.43,198 (Rupees Forty Three Thousand one hundred Ninety Eight) has been transferred to IEPF by the Company.

The details related to dividend remaining unpaid (out of the dividend declared during the last 7 years) till date may be accessed on our website of the Company, [www.vamaind.com](http://www.vamaind.com).

## TRANSFER OF SHARES TO IEPF

The IEPF Rules mandate Companies to transfer shares of members whose dividends remain unpaid / unclaimed for a continuous period of 7 years to the Account of IEPF Authority. The members whose dividend / shares are transferred to the IEPF Authority can claim their shares / dividend from the Authority.

In accordance with the said IEPF Rules and its amendments, the Company had sent notices to all shareholders whose shares were due to be transferred to the IEPF Authority and simultaneously published in newspaper advertisements.

In terms of Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016, 57,660 shares were transferred during the FY 2017-18 to the Investor Education and Protection Fund (IEPF). The Company has appointed a Nodal officer under the provisions of IEPF, the details of which are available on the website of the Company <https://vamaind.com/investor-contact.html>.

## QUALITY INITIATIVES

We continue to maintain successfully the Quality Management Systems as per the requirements of ISO 9001:2015 Standards.

## FIXED DEPOSITS

We have neither accepted nor repaid any deposits during the FY ended 31st March, 2018. Further, there were no outstanding deposits as at the beginning of the FY or at any time during the FY 2018. Hence, there are no details to be provided pursuant to Rule 8 (5) (v) & (vi) of Companies (Accounts) Rules, 2014.

## ANNUAL RETURN

In accordance with Section 134 (3) (a) of the Companies Act, 2013, an extract of the Annual Return in the prescribed format i.e. Form MGT -9 is appended as **Annexure –V** to this Report.

## VIGIL MECHANISM / WHISTLE BLOWER POLICY

In terms of the provisions of Section 177 of the Companies Act, 2013 and Regulation 22 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formalized the process and institutionalized 'Whistle Blower Policy' within the Company, whereby employees and other stakeholders can report matters such as generic grievances, corruption, misconduct, illegality and wastage/misappropriation of assets to the Company.

The policy safeguards the whistle blowers to report concerns or grievances and also provides direct access to the Chairman of the Audit Committee.

The details of the vigil mechanism are provided in the Corporate Governance Report and are set out in **Annexure X** to this Report. The Vigil Mechanism and Whistle Blower Policy may be accessed on our Website at the link:[http://www.vamaind.com/Policies/Vigil\\_Mechanism\\_Whistle\\_Blower\\_Policy.pdf](http://www.vamaind.com/Policies/Vigil_Mechanism_Whistle_Blower_Policy.pdf)

## RISK MANAGEMENT

We have been following the principle of risk minimization vis a vis our business needs and the industry norms.

The Role of Risk Management Committee includes the implementation of Risk Management Systems and framework, review of the Company's financial and risk management policies, assessment of Risk and Procedures to minimize the same.

The Committee has been entrusted with the responsibility to assist the Board in (a) overseeing and approving the Company's enterprise wide risk management framework and (b) overseeing that all the risks that the organization faces such as financial, liquidity, security, property, IT, legal, regulatory, reputational and other risks have been identified and assessed and ensuring that there is an adequate risk management mechanism in place capable of addressing those risks.

The details of the Committee and its terms of reference are set out in the Corporate Governance Report forming part of the Board's Report. Our Risk Management Policy may be accessed at: <http://www.vamaind.com/Policies/Risk ManagementPolicy.pdf>

## MANAGEMENT DISCUSSION AND ANALYSIS

In accordance with the provisions of SEBI (LODR) Regulations, 2015, a Report on the Management Discussion and Analysis is set out in **Annexure–VI** attached to this Report.

### CORPORATE GOVERNANCE:

Highest standards of Corporate Governance practices are maintained and followed in every walk of life of our Company. A separate report on Corporate Governance is provided together with a certificate from Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under SEBI (LODR) Regulations, 2015.

A certificate of the CEO and CFO of the Company in terms of Listing Regulations, inter alia, confirming the correctness of the financial statements and cash flow statements, adequacy of the internal control measures and reporting matters to the Audit Committee is also annexed in the Corporate Governance Report.

### DISPATCH OF ANNUAL REPORTS

In compliance of the applicable provisions, we shall dispatch the Annual Report for the FY 2017-18 in electronic format to all our members whose E-Mail addresses are registered and updated with our Registrar & Transfer Agents. To all the other members, the Annual Report will be sent in physical format.

### LISTING & TRADING

Our Equity Shares are listed on BSE Limited, Mumbai. The listing fee for the financial year 2018-19 has been duly paid. You may further note that the listing/ trading was never suspended at any time during the financial year 2017-18.

### PARTICULARS OF EMPLOYEES

The information required pursuant to Section 197 read with Rule 5 (1) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and as amended in respect of our employees, is attached herewith and marked as **Annexure –VII** (i).

We do hereby affirm that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

Further, we do not have any employee whose remuneration falls within the purview of the limits prescribed under the provisions of Section 197 of the Companies Act, 2013, read with Rule 5(2) (i)& (ii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and as amended i.e. Rs.8.5 lakhs per month or Rs.1.02 Crores per annum.



Further, details of top ten employees in terms of remuneration drawn during the financial year ended 31st March, 2018 as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and as amended is attached herewith and marked as **Annexure- VII** (ii).

## **LOANS, GUARANTEES OR INVESTMENTS**

As you are aware, we have a Wholly Owned Subsidiary (VAMA Technologies Pte. Ltd.) wherein we have made an aggregate investment of Rs.3,89,040 (equivalent to 6000 USD) towards subscription of 8680 equity shares, i.e., 100% stake. Further, in order to meet its short term business requirements, unsecured loans have been provided during the year under review and the same stands at Rs. 230.33 Lacs, which shall be repayable on demand.

Further, we have made investments in 440734.308 units of L080B SBI Corporate Bond Fund-Regular Plan-Growth -Mutual Funds aggregating Rs.123.11 lacs as on 31.03.2018.

Apart from the aforesaid, we have not given any loan or made investment or given guarantee or provided security as envisaged under Section 186 of the Act.

## **DEMATERIALIZATION OF SHARES**

99.82% of the total paid up equity shares of our Company are in dematerialized form as on 31st March, 2018.

## **DIRECTORS RESPONSIBILITY STATEMENT**

As required under Section 134(5) of the Companies Act, 2013, the Directors confirm that:

- i. In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed and that no material departures are made from the same ;
- ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that 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 the Financial year and of the profits of the company for the period;
- iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv. The annual accounts have been prepared on a going concern basis.
- v. They have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively;
- vi. They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## **SIGNIFICANT OR MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS**

There are no orders passed by the Regulators / Courts which would impact the going concern status of your Company and its future operations. Further, we confirm that there were no instances of fraud to be reported by the Auditors vide their Report for the FY 2017-18.



## **POLICY ON PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT AT WORK PLACE:**

We strongly support the rights of all our employees to work in a harassment – free environment. The Company has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at workplace as per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder. The policy aims to provide protection to employees at the workplace and prevent and redress complaints of sexual harassment and for matters connected or incidental thereto, with the objective of providing a safe working environment, where employees feel secure. The Company has also constituted an Internal Committee, known as Anti Sexual Harassment Committee to address the concerns and complaints of sexual harassment and to recommend appropriate action.

We further confirm that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

We further confirm that we have complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

## **CORPORATE SOCIAL RESPONSIBILITY**

Since our Company does not fall within any of the parameters specified under the provisions of Section 135 of the Companies Act, 2013 read with Rules made thereunder, reporting pursuant to Section 134(3) (o) is Not Applicable.

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

The Particulars as prescribed pursuant to the provisions of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014, are provided in **Annexure – IV** to this Report.

## **ACKNOWLEDGEMENTS AND APPRECIATIONS**

We take on record the contribution made by the employees of the Company and acknowledge their hard work and dedication to ensure that the Company consistently outgrows its previous performance and remains a consistent player in the IT & ITES Industry. Further, we wish to express our sincere appreciation towards all the customers, suppliers, banks, financial institutions, advisors, Government of India and Government Departments, concerned State Governments and other authorities for their sustained support and co-operation towards contributing to the Company's success.

We are also deeply grateful to our shareholders for the confidence and faith that they have always placed in us.

For and on behalf of the Board

Sd/-

**V. Atchyuta Rama Raju**

Chairman and Managing Director

DIN : 00997493

Hyderabad  
24th August, 2018

**Form AOC-1**  
(Pursuant to section 129(3) read with Rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statement of subsidiaries / associate companies / joint ventures**

Part "A": Subsidiaries

Sl. No	Particulars	
1.	Name of the subsidiary	Vama Technologies Pte. Ltd
2.	Reporting Period of subsidiary	01.04.2017 to 31.03.2018
3.	Reporting Currency	USD
4.	Exchange rate as on the last date of FY	65.04
5.	Share Capital	\$ 6,000
6.	Reserves & Surplus	\$ 143,537 (Retained Earnings)
7.	Total Assets	\$ 577,063
8.	Total Liabilities	\$ 577,063
9.	Investment	--
10.	Turnover	\$ 5,527,287
11.	Profit/(Loss) before taxation	\$ 153,880
12.	Provision for taxation	\$ 10,343
13.	Profit/(Loss) after taxation	\$ 143,537
14.	Proposed Dividend	--
15.	% of Shareholding	100

Part "B" Associates and Joint Ventures – Not Applicable

As per our report of even date  
**For NSVR&Associates LLP.,**  
Chartered Accountants  
Firm Regn No. 008801S/S200060

For and on behalf of the Board of Directors

Sd/-  
**R.Srinivasu**  
Partner  
M.No.224033

Sd/-  
**V Atchyuta Rama Raju**  
Chairman & Managing Director  
(DIN: 00997493)

Sd/-  
**V Rajam Raju**  
Executive Director  
(DIN:01314420)

Hyderabad  
24.08.2018

Sd/-  
**G Siva**  
Chief Financial Officer

Sd/-  
**M K Bhaskara Teja**  
Company Secretary

**Form AOC-2**
**(Pursuant to section 134 (3) (h) of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)**

Particulars for contracts / arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013, including certain arms length transactions under third proviso thereto.

**Details of contracts or arrangements or transactions not at arm's length basis:**

There were no contracts or arrangements or transactions entered into during the financial year ended March, 31 2018, which were not at arm's length basis.

**Details of contracts or arrangements or transactions at arm's length basis:**

The details of material contracts or arrangements or transactions at arm's length basis for the year ended March, 2018 are as follows:

SL. No.	Particulars	Details
1.	Name (s) of the related party & nature of relationship	Vama Technologies Pte. Ltd., (Wholly Owned subsidiary)
	Nature of contracts/arrangements/transaction	Service
	Duration of the contracts/arrangements/transaction	1 year
	Salient terms of the contracts or arrangements or transaction including the value, if any	Upto a maximum value of Rs.5 Crores
	Date of approval by the Board	12.04.2017
	Amount paid as advances, if any	Nil

For and on behalf of the Board  
Sd/-

**V. Atchyuta Rama Raju**  
Chairman and Managing Director  
DIN : 00997493

24th August, 2018  
Hyderabad

**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2018**  
**[Pursuant to Section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]**

To,  
The Members,  
**Vama Industries Limited,**  
Hyderabad-500038

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Vama Industries Limited**, (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minutes books, forms and returns filed and other records maintained by **Vama Industries Limited** ("the Company") and made available to us for the financial year ended on 31st March, 2018 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder.
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment (during the period under audit there was no transaction pertaining to overseas Direct Investment and External Commercial Borrowing)
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;**(Not applicable to the Company during the audit period);**
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;**(Not applicable to the Company during the audit period);**

- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the audit period)**
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the audit period);**
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable to the Company during the audit period);and**
- (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

We have also examined compliance with the applicable clauses of Secretarial Standards issued by the Institute of Company Secretaries of India.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

- *There was delay in filing of Forms with the Registrar of Companies in certain instances.*

We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof on test-check basis, the Company has complied the following laws applicable specifically to the Company:

- a) Software Technologies Parks of India rules and regulations

*However, there was delay in filing of Monthly Performance Reports / Quarterly Performance Reports with the Software Technology Park of India in certain instances.*

- b) The Trade Marks Act, 1999.

#### **We further report that :**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Woman and Independent Directors. The changes in the composition of the Board of Directors during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all the directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, however subject to shorter notice in certain instances, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All the decisions at the Board Meetings and Committee Meetings have been carried out unanimously as recorded in the Minutes of the meetings of the Board or Committees of the Board, as the case may be.

**We further report that**

- as per the information provided by the management, and based on the review of compliance reports by the respective department / functional heads, duly taken on record by the Board of Directors of the Company, there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines
- during the audit period, there were no such specific events/actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

For P S Rao & Associates  
Company Secretaries

Sd/-  
Vikas Sirohiya  
M.No. : 15116  
C.P. NO. : 5246

Hyderabad  
24th August, 2018

[This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.]

To,  
The Members,  
VAMA INDUSTRIES LIMITED,  
Hyderabad-500038

**Secretarial Audit Report of even date is to be read along with this letter.**

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.
2. We have followed the audit practises and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on random basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practises we followed provide a reasonable basis for our opinion.
3. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
4. We believe that audit evidence and information provided by the Company's management is adequate and appropriate for us to provide a basis for our opinion.
5. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.
6. We have not verified the correctness and appropriateness of financial records and Books and Accounts of the Company.

**Disclaimer**

7. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For P S Rao & Associates  
Company Secretaries

Hyderabad  
24th August, 2018

Sd/-  
Vikas Sirohiya  
M.No. : 15116  
C.P. NO. : 5246

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

Particulars as prescribed under Section 134 (3) (m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 are as follows:

**A. Conservation of Energy : Not Applicable**

- i. the steps taken or impact on conservation of energy;
- ii. the steps taken by the company for utilizing alternate sources of energy;
- iii. the capital investment on energy conservation equipments;

**B. Technology Absorption : Not Applicable**

- i. the efforts made towards technology absorption;
- ii. the benefits derived like product improvement, cost reduction, product development or import substitution;
- iii. in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-
  - (a) the details of technology imported;
  - (b) the year of import;
  - (c) whether the technology been fully absorbed;
  - (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and
- iv. the expenditure incurred on Research and Development.

**C. Foreign Exchange inflow and Outflow during the year : Rs. in Lacs**

- i. Foreign Exchange Earned : 294.02
- ii. Foreign Exchange Outgo : 1149.62

For and on behalf of the Board

Sd/-

**V. Atchyuta Rama Raju**

Chairman and Managing Director

DIN : 00997493

24th August, 2018  
Hyderabad



**FORM NO. MGT-9  
EXTRACT OF ANNUAL RETURN**

As on the financial year ended on 31.03.2018  
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the  
Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION & OTHER DETAILS:**

i. CIN	L72200TG1985PLC041126
ii. Registration Date	13.03.1985
iii. Name of the Company	VAMA INDUSTRIES LIMITED
iv. Category/ Sub-Category of the Company	Public Limited Company/Limited by Shares
v. Address of the Registered office and Contact Details	Ground Floor, 8-31-191/147/24, B-12, Madhura Nagar, Hyderabad – 500038 Ph. No : 040-66619919 E-mail ID: cs@vama.co.in Web Site: www.vamaind.com
vi. Weather Listed Company	Yes
vii. Name, Address and Contact details of Registrar and Transfer Agent	Bigshare Services Pvt. Ltd 306, 3rd Floor, Right Wing, Amrutha Ville Opp. Yashoda Hospital, Raj Bhavan Road, Somajiguda , Hyderabad- 500082. Mobile: 9848098088

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the Business activities contributing 10 % or more of the total turnover of the Company shall be stated:

S. No.	Name and Description of main products / services	NIC Code of the products / services	% to total turnover of the company
1	IT, ITES and System Integration, Hardware & Software, Installation support and Maintenance	4651 & 6202	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :**

S. No	Name and Address of the Company	CIN/GLN/UIN	Holding/ Associate Subsidiary	% of Shares held	Applicable Section
1	Vama Technologies Pte Ltd 10, Jalan Besar, #10-03, Sim Lim Tower, Singapore – 208787	HYWAZ20161408	Wholly Owned Subsidiary	100	2(87)(ii)

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):

##### i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year (ii - i)
	Demat	Physical	Total	% of Total Shares (i)	Demat	Physical	Total	% of Total Shares (ii)	
<b>A. Promoters</b>									
<b>1. Indians</b>									
a) Individual/HUF	22561830	0	22561830	42.94	22561830	0	22561830	42.94	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	-	-	-	-	-	-	-	-	-
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Sub Total (A) (1)</b>	<b>22561830</b>	<b>0</b>	<b>22561830</b>	<b>42.94</b>	<b>22561830</b>	<b>0</b>	<b>22561830</b>	<b>42.94</b>	<b>-</b>
<b>2. Foreign</b>	-	-	-	-	-	-	-	-	-
a) NRI – Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
<b>Sub Total (A) (2)</b>	-	-	-	-	-	-	-	-	-
<b>Total Shareholding of Promoter</b>									
<b>A= (A)(1) + (A)(2)</b>	<b>22561830</b>	<b>0</b>	<b>22561830</b>	<b>42.94</b>	<b>22561830</b>	<b>0</b>	<b>22561830</b>	<b>42.94</b>	<b>-</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others	-	-	-	-	-	-	-	-	-
<b>Sub Total (B) (1)</b>	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year (ii - i)
	Demat	Physical	Total	% of Total Shares (i)	Demat	Physical	Total	% of Total Shares (ii)	
<b>2. Non Institutions</b>									
a) Bodies Corp.									
i) Indian	6176265	27500	6203765	11.81	5579827	-	5579827	10.62	(1.19)
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	5100150	110110	5210260	9.92	5615966	93600	5709566	10.87	0.95
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	18320249	0	18320249	34.87	17908815	0	17908815	34.09	(0.78)
c) Others	243896	0	243896	0.46	779962	0	779962	1.48	1.02
<b>Sub-total (B) (2)</b>	<b>29840560</b>	<b>137610</b>	<b>29978170</b>	<b>57.06</b>	<b>29884570</b>	<b>93600</b>	<b>29978170</b>	<b>57.06</b>	<b>4.32</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>29840560</b>	<b>137610</b>	<b>29978170</b>	<b>57.06</b>	<b>29884570</b>	<b>93600</b>	<b>29978170</b>	<b>57.06</b>	<b>4.32</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>52402390</b>	<b>137610</b>	<b>52540000</b>	<b>100.00</b>	<b>52402390</b>	<b>93600</b>	<b>52540000</b>	<b>100.00</b>	<b>-</b>

## ii) Shareholding of Promoter

S No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in shareholding during the year
		No of Shares	% of total shares of the company	% of Shares Pledged/ encumbered to total shares	No of Shares (Refer note)	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1.	V.A. Rama Raju	12555120	23.90	NA	12555120	23.90	NA	0
2.	V. Rajam Raju	5802500	11.04	NA	5802500	11.04	NA	0
3.	G.A. Rama Raju	2997210	5.70	NA	2997210	5.70	NA	0
4.	Bangarraju Mudundi	90000	0.17	NA	90000	0.17	NA	0
5.	V. Sarada	85000	0.16	NA	85000	0.16	NA	0
6.	M. Krishnaveni	84000	0.16	NA	84000	0.16	NA	0
7.	V. Pushpavathi	70000	0.13	NA	70000	0.13	NA	0
8.	Mohan Raju Indukuri	53500	0.10	NA	53500	0.10	NA	0
9.	Uma Vani Indukuri	50000	0.10	NA	50000	0.10	NA	0
10.	V. Parvathi	774500	1.47	NA	774500	1.47	NA	0
	<b>TOTAL</b>	<b>22561830</b>	<b>42.94</b>	<b>NA</b>	<b>22561830</b>	<b>42.94</b>	<b>NA</b>	<b>0</b>

## iii) Change in Promoters' Shareholding (please specify, if there is no change)

There is no change in the Shareholding pattern of Promoters during the financial year 2017-18

## iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Anil Unnikrishnan						
	At the beginning of the year			6700000	12.75		
	Changes during the Year	Nil	Nil	Nil	Nil	Nil	Nil
	At the end of the year					6700000	12.75

Sl. No	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
2.	Nirant Technologies Private Limited			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year			2500000	4.76		
	Changes during the Year	Nil	Nil	Nil	Nil	Nil	Nil
	At the end of the year					2500000	4.76

Sl. No	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
3.	Sainaren Properties Private Limited			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year			2000000	3.81		
	Changes during the Year	Nil	Nil	Nil	Nil	Nil	Nil
	At the end of the year					2000000	3.81

Sl. No	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
4.	Nitin Siddamsetty			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year			1657781	3.16		
	Changes During the year	Nil	Nil	Nil	Nil	Nil	Nil
	At the end of the year					1657781	3.16

Sl. No	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
5.	V V S Murty			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year			800000	1.52		
	Changes During the year	Nil	Nil	Nil	Nil	Nil	Nil
	At the end of the year					800000	1.52

Sl. No	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
6.	Grandeur Products Limited			No. of shares	% of total shares of the company	No. of shares	% of total shares the company
	At the beginning of the year			771255	1.46		
	Changes During the year	Nil	Nil	Nil	Nil	Nil	Nil
	At the end of the year					771255	1.46

Sl. No	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
7.	Subba Rao Vitakula			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year			750000	1.42		
	Changes During the year	Nil	Nil	Nil	Nil		
	At the end of the year					750000	1.42

Sl. No	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
8.	T V Apparao						
	At the beginning of the year			225445	0.43		
	Changes During the year	05.07.2017	Buy	500000	0.95	725445	1.38
	At the end of the year					725445	1.38

Sl. No	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
9.	Venu Gopala Raju Vegesna						
	At the beginning of the year			423265	0.81		
	Changes during the Year	23.07.2017	Sale	(99986)	0.19	323279	0.62
		09.02.2018	Buy	4900	0.00	328179	1.33
		16.02.2018	Sale	(165000)	0.31	163179	0.31
		23.02.2018	Sale	(40000)	0.08	123179	0.23
		30.03.2018	Sale	(115000)	0.22	8179	0.02
	At the end of the year					8179	0.02

Sl. No	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
10.	V. Chandravati						
	At the beginning of the year			421200	0.80		
	Changes during the Year	16.02.2018	Sale	(75000)	0.14	346200	0.66
		23.02.2018	Sale	(200000)	0.38	146200	0.28
		30.03.2018	Sale	(135000)	0.02	11200	0.02
	At the end of the year					11200	0.02

**v) Shareholding of Directors and Key Managerial Personnel:**

Sl. No	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares of Company	No. of shares	% of total shares of company
1.	V.A.Rama Raju						
	At the beginning of the year			12555120	23.90		
	Changes During the year	Nil	Nil	Nil	Nil	Nil	Nil
	At the end of the year					12555120	23.90

Sl. No	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares of Company	No. of shares	% of total shares of company
2.	V. Rajam Raju						
	At the beginning of the year			5802500	11.04		
	Changes During the year	Nil	Nil	Nil	Nil	Nil	Nil
	At the end of the year					5802500	11.04

Sl. No	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares of Company	No. of shares	% of total shares of company
3.	*Vekateshwara Rao Raparla						
	At the beginning of the year			3500	0.006		
	Changes During the year	Nil	Nil	Nil	Nil	Nil	Nil
	At the end of the year					3500	0.006

\*Resigned from the office of Director w.e.f 16th October, 2017



Sl. No	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
4.	*Rama Krishna RaoVarada			No. of shares	% of total shares of Company	No. of shares	% of total shares of company
	At the beginning of the year			1000	Negligible		
	Changes During the year	Nil	Nil	Nil	Nil	Nil	Nil
	At the end of the year					1000	Negligible

\*Resigned from the office of Director w.e.f 10th January, 2018

Sl. No	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
5.	K. Vara Prasad Raju			No. of shares	% of total shares of Company	No. of shares	% of total shares of company
	At the beginning of the year			1500	Negligible		
	Changes During the year	Nil	Nil	Nil	Nil	Nil	Nil
	At the end of the year					1500	Negligible

Sl. No	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
6.	Rams Sravanthi Rambatla			No. of shares	% of total shares of Company	No. of shares	% of total shares of company
	At the beginning of the year			Nil	Nil		
	Changes During the year	Nil	Nil	Nil	Nil	Nil	Nil
	At the end of the year					Nil	Nil

Sl. No	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares of Company	No. of shares	% of total shares of company
7.	*Vitakula Srinivas						
	At the beginning of the year			Nil	Nil		
	Changes During the year	Nil	Nil	Nil	Nil	Nil	Nil
	At the end of the year					Nil	Nil

\*Appointed to the office of Director w.e.f 10th January, 2018

Sl. No	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares of Company	No. of shares	% of total shares of company
8.	*K. Venkata Krishna Rao						
	At the beginning of the year			34750	0.07		
	Changes During the year	Nil	Nil	Nil	Nil	Nil	Nil
	At the end of the year					34750	0.07

\*Appointed to the office of Director w.e.f 10th January, 2018

Sl. No	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares of Company	No. of shares	% of total shares of company
9.	G. Siva						
	At the beginning of the year			4880	0.009		
	Changes During the year	Nil	Nil	Nil	Nil	Nil	Nil
	At the end of the year					4880	0.009

Sl. No	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares of Company	No. of shares	% of total shares of company
10.	M K Bhaskara Teja						
	At the beginning of the year			Nil	Nil		
	Changes During the year	Nil	Nil	Nil	Nil	Nil	Nil
	At the end of the year					Nil	Nil

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	10,29,35,792	1,48,38,692	-	11,77,74,484
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total ( i +ii+iii)</b>	<b>10,29,35,792</b>	<b>1,48,38,692</b>	<b>-</b>	<b>11,77,74,484</b>
Change in Indebtedness				
during the financial year				
Addition	-	2,80,28,085	-	2,80,28,085
Reduction	6,33,49,356	74,66,213	-	7,08,15,569
<b>Net Change</b>	<b>6,33,49,356</b>	<b>2,05,61,872</b>	<b>-</b>	<b>-4,27,87,484</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	3,95,86,436	3,54,00,564	-	7,49,87,000
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total ( i +ii+iii)</b>	<b>3,95,86,436</b>	<b>3,54,00,564</b>	<b>-</b>	<b>7,49,87,000</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		MD: V. Atchyuta Rama Raju	WTD: V. Rajam Raju	
1	Gross salary	19,80,000	18,00,000	<b>37,80,000</b>
a	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	19,80,000	18,00,000	<b>37,80,000</b>
b	Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL
c	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL	NIL
2	Stock Option	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL
4	Commission			
	- as % of profit	NIL	NIL	NIL
	- others	NIL	NIL	NIL
5	Others	NIL	NIL	NIL
	<b>Total</b>	<b>19,80,000</b>	<b>18,00,000</b>	<b>37,80,000</b>
	Ceiling as per the Act	<b>42,00,000</b>	<b>42,00,000</b>	

## B. Remuneration to other directors: NIL

None of the Directors of the Company other than as mentioned above was paid any remuneration during the financial year.

## C. Remuneration to Key Managerial Personnel other than MD/Manager WTD:

Sl. No	Particulars of Remuneration	Key Managerial Personnel		Total
		M K Bhaskara Teja (Company Secretary)	G. Siva (CFO)	
1.	Gross salary	6,00,000	8,64,000	14,64,000
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	6,00,000	8,64,000	14,64,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil
4.	Commission			
	-as % of profit	Nil	Nil	Nil
	-others	Nil	Nil	Nil
5.	Others	Nil	Nil	Nil
	<b>Total</b>	<b>6,00,000</b>	<b>8,64,000</b>	<b>14,64,000</b>

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
<b>B. DIRECTORS</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

## **Management Discussion and Analysis Report**

This Management Discussion and Analysis Report presents a brief presentation of our Company's performance in the hindsight and simultaneously attempts to make a fair and practical analysis of our strengths and weaknesses and our position at micro level vis a vis the global scenario. While we capture our past performance in this Annual Report, we have also endeavored to present our areas of focus which we feel would help the Company to go to next level.

Further, we declare that, we have carried out a comprehensive and intensive exercise in order to converge our financial statements in tune with Ind AS and compliances. The Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31st March 2018, together with the comparative period data as at and for the year ended 31st March 2017, as described in the summary of significant accounting policies.

This report contains forward-looking statements, identified by words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' and so on. All statements that address expectations or projections about the future, but not limited to the Company's strategy for growth, product development, market position, expenditures and financial results, are forward-looking statements. Since these are based on certain assumptions and expectations of future events, we do not guarantee that these are accurate or will be realised.

Our actual results, performance or achievements could thus differ from those projected in any forward-looking statements. We assume no responsibility to publicly amend, modify or revise any such statements on the basis of subsequent developments, information or events.

### **A. Industry Structure and Developments**

The radical changes in US Government's foreign policy, especially its approach towards outsourcing of jobs outside the country, has made the software and IT sector re-strategize its business policies at grass root levels. Despite the said, we feel India still maintains the edge in term of world's largest sourcing destination for the information technology (IT) industry. It accounts for approximately 65 per cent of the US\$ 124-130 billion market. In FY 2018, the global market for software and services is estimated to have grown to \$1.3 Trillion. Within that, outsourced IT-BPM services grew by 2.6% over the prior year. IT Services is estimated to have grown by 2.4% year on year, driven by digital demand, while Business Process Management (BPM) grew by 4% over the prior year on account of greater implementation of automation. The industry employs about 10 million workforce. More importantly, the industry has led the economic transformation of the country and altered the perception of India in the global economy.

India remains the topmost offshoring destination for IT companies across the world. Having proven its capabilities in delivering both on-shore and off-shore services to global clients, emerging technologies now offer an entire new gamut of opportunities for top IT firms in India. The convergence of social media, mobile, analytics, and cloud (SMAC) is one of the most impactful trends for both consumer and enterprise realization within digital media, communications, applications, content, and commerce. Instead of implementing solutions separately SMAC encourages an organization to build and deploy integrated solutions wherein social/mobile adds connectedness and cloud/analytics makes the organization more agile and responsive. This convergence also increases innovation to create new products, services, and customers. Mind Commerce predicts that SMAC convergence will continue shaping the future enterprise, making them ready to adopt more end-to-end technology solutions.

SMAC's worldwide revenue is expected to reach as high as \$200 billion by the end of 2020. Moreover, at 30 per cent CAGR, the value of SMAC driven market will be \$1 trillion (approx.) by the end of the current decade. Cloud represents the largest opportunity under SMAC, increasing at a CAGR of approximately 30 per cent. The Indian e-commerce segment is US\$ 12 billion in size and is witnessing strong growth and thereby offers another attractive avenue for IT companies to develop products and services to cater to the high growth consumer segment.

VAMA is indeed focused on Engineering; IT & IT enabled services. Further, we are equally focused and are concentrating in the areas of System Integration and developing Data Centres. We are very keen on our industry expertise and ensure specialized support to our clients. Therefore, we continually evaluate and train our professionals in new technologies and methodologies.

## **B. Opportunities and Threats**

We are a growing mid-sized Company which operates in areas of providing services such as system integration, data centres as well as hardware sales. We have been registering slow but steady growth. While the global economy was reeling under severe pressure, we were fortunate enough to sail through the troubled waters. Similarly, even when the markets are booming, we have maintained our sustained growth. Our financial performance over the last few years reinforces our long term policy and strategy. At any given point of time, we have endeavored to tap the opportunities that match our potential and strengths. Our sustained efforts and long term strategy puts us in a position where we can translate our strength and experience into improved topline and bottomline.

Since, we are a tiny player in the broad spectrum of IT / ITES industry, we need to cautiously assess ourselves vis a vis the other players in the industry. The macro economic threats, changing global perceptions, social perspective of other countries, our government policies determines our strategy and in turn our financial performance.

## **C. Segment-Wise Performance**

Keeping in view various factors, the Company has concluded that there is only one operating segment i.e, IT related services. Hence, the same becomes the reportable segment for the Company. Accordingly, the Company has only one operating and reportable segment, the disclosure requirements specified in paragraphs 22 to 30 are not applicable. Accordingly, the Company shall present entity-wide disclosures enumerated in paragraphs 32, 33 and 34 of Ind AS 108.

## **D. Outlook / Risks and Concerns**

### **Outlook**

Vama, like its other peers and counterparts across the industry, feels that if we do not adapt to the industry dynamics, we are bound to be rendered obsolete and outdated. Change has become the order of the day in the IT / ITES industry.

Systems Integration, Cloud computing, Artificial Intelligence (AI), Internet of Things (IOT) and Robotic process automation has become the new buzz words and very soon are going to be the indispensable part of our lives. The rate of change and the level of disruption driven by modern technology are exponential. This percolates down to the need for processing centres, data storage, high level chip design; the ubiquity of band width; enterprise mobility; etc.,

We have executed Enterprise Class computer hardware business and also as a System Integrator providing solutions to Defence and Space customers. We have been implementing aforesaid projects all over India for Defence and Space sectors and are also taking up turnkey projects. Orders which were received from ISRO & CDAC during the year are very significant to us and based on that we shall expand our business in different territories in India. We are progressing healthy with each passing year, and the continuous jump in our net profits testifies the fact that we are in the right spectrum of things. With India becoming a dominant player in the Space sector, ISRO will launch multiple satellites during the ensuing years and the need for Data Center infrastructure will increase rapidly. ISRO is trying to increase its capacity to deliver by scaling up the frequency of launches by building more satellites and lowering the cost of access to space. Having won the major turnkey projects from ISRO & CDAC, we will get several opportunities to bid for infrastructure projects. With the growth in Space and Defence sectors we are confident that we will get opportunities to work on major turnkey projects. Due to rapid increase in creation and usage of data, Cloud services will play a major role in future in which we would wish to expand the business in local and abroad.



## **Risks and Concerns**

Our proposed national and international operations shall bring in considerable complexities and in response to that, we shall establish a robust enterprise risk and compliance management framework and process. This process shall be enabled by a digital platform that provides an enterprise-wide view of risks and compliance which shall enable us to take a more holistic approach towards informed decision making.

### **The industry, specifically the IT Services sector is exposed to the following risks:**

Variations in global demand growth would present itself as a significant risk factor as the industry is predominantly export driven. US market accounts for more than 50% of the revenues. The industry is exposed to risks due to this dependency. Currency risks will continue to be a cause of concern. The Central Bank's monetary policy could swing the revenue growth in any direction. Availability of quality human resource, and ability to innovate would present themselves as risks. Increasing protectionism in US and EU could present itself as a major risk factor. Threats of terrorist attacks, and other force majeure events also present themselves as risks in the current geo-political context. Other developing countries could eat into India's share of business and in turn that of Vama.

Further, in addition to risk factors mentioned above, data theft and information security present themselves as serious reputation risks for companies in the industry. Additionally, the industry is also prone to regulatory risks as a result of the need for outsourcing service providers to comply with various regulations of different countries.

### **Government & Compliance:**

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

### **Customers & Clients:**

We rely on government / government departments for our business. Our client's contracts are often conditioned upon our performance, which if unsatisfactory, may result in fewer revenues. Our engagements with customers are singular in nature and may not necessarily provide for subsequent engagements.

## **E. Internal Control Systems and their adequacy**

The CEO and CFO Certification issued pursuant to the SEBI(LODR) Regulations, 2015 is provided in the Annual report which vouches the adequacy of VAMA's Internal Control Systems and Procedures.

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

The Company has appointed an Internal Auditor, to oversee and carry out an internal audit of the Company's activities. The audit is based on an Internal Audit Plan, which is reviewed each year in consultation with the Statutory Auditors and the Audit Committee.

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

The Company's Audit committee meets the Company's Statutory Auditors to ascertain their views on the adequacy of Internal Control Systems in the Company and keeps the Board of Directors informed of its major observations at periodic intervals.

## F. Financial Performance vis a vis operational performance

Of the total revenues for the year ended March 31, 2018 overseas operations accounted for approximately 4.28 % of our total revenues, whereas 95.72 % were received from domestic operations.

Export revenues are out of those services which are performed at our Software Development Center located in India (offshore revenues) towards IT & ITeS and also sale of products and on the other hand domestic revenues are those revenues that are a result of IT Infrastructure Solution Services, trading in hardware products, and related services, consultancy and projects.

### 1. Income

(Rs. in Lakhs)

	2017-18	2016-17
<b>Export Revenue</b>		
IT Services	294.02	370.21
Sales of Computers & Peripherals	0	383.87
<b>Domestic Revenue</b>		
Services/Consultancy/Projects	527.67	331.30
Sale of Computers & Peripherals	6041.31	3200.94
Other Income	233.41	22.72
<b>Total</b>	<b>7096.41</b>	<b>4309.04</b>

### 2. Expenditure

(Rs. in Lakhs)

	2017-18	2016-17
Cost of Product and Services	5647.47	3171.48
Employee benefit Expenses	362.18	384.95
Financial Charges	132.22	121.88
Depreciation amortization expenses	31.94	22.57
Other Expenses	288.65	424.99
<b>Total</b>	<b>6462.46</b>	<b>4125.87</b>

Cost of products & services mentioned above is net of changes in inventories of finished goods, work in progress and stock-in-trade. Further, the previous years figures might have undergone changes in view of Ind AS compliances.

## **Sources of Funds**

Currently, we have only one class of shares i.e., Equity Shares of nominal value Rs.2/- each. Our authorised Share Capital is Rs.11,00,00,000 divided into 5,50,00,000 equity shares of Rs.2/- each. The Issued, Subscribed and Paid Up capital stood at Rs.10,50,80,000 divided into 5,25,40,000 Equity Shares of Rs.2/- each as at March 31, 2018.

### **Investments**

We have a Wholly Owned Subsidiary (VAMA Technologies Pte., Ltd. wherein we have made an aggregate investment of Rs.3,89,040 (equivalent to 6000 USD) towards subscription of 8680 equity shares, i.e., 100% stake.

## **G. Human Resources / Industrial Relations:**

Our pro-human resources policy helps us in controlling the attrition rate amongst our employees and maintain cordial relations across the organization. Further, our human resource strategy has enabled us to attract, integrate, develop and retain the best talent required for driving business growth. However, increasing cost of employees and industry demand for skilled and trained personnel casts a huge challenge on the management to strike an appropriate balance.

### **Number of People Employed:**

As on 31st March 2018, the employee strength was 93.

## Annexure – VII

### Details pertaining to remuneration as required u/s 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

- A. The ratio of the remuneration of each director to the median employees remuneration and other details in terms of sub section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and amendments thereto

(Rs in lakhs)

Sr. No.	Name of Director / KMP and Designation	Financial Year 2017-18		
		Remuneration of Director / KMP	% increase in Remuneration	Ratio of Remuneration of each Director to median remuneration of employees
1	Mr. V. Atchyuta Rama Raju Chairman & Managing Director	19.80	Nil	7.05
2	Mr.V. Rajam Raju Executive Director	18.00	Nil	6.41
3	Mr. R. Venkateshwara Rao Independent Director (resigned wef 16.10.2017)	Nil	Nil	N.A
4	Mr. V. Rama Krishna Rao Independent Director (resigned wef 10.01.2018)	Nil	Nil	N.A
5	Mr. V. Prasad Raju Independent Director	Nil	Nil	N.A
6	Mrs.Rama Sravanthi Rambatla Non-Executive Director	Nil	Nil	N.A
7	Mr. V. Srinivas Independent Director (appointed wef 10.01.2018)	Nil	Nil	N.A
8	Mr. K. Venkata Krishna Rao Independent Director (appointed wef 10.01.2018)	Nil	Nil	N.A
9	Mr. G. Siva CFO	8.64	Nil	3.07
10	Mr. M K Bhaskara Teja Company Secretary	6.00	Nil	2.14

**B. Percentage Increase in the median remuneration of all employees in the Financial Year 2017-18:**

The median annual remuneration of employees of the Company during the financial year was Rs.2.81 lakh. In the financial year, there was increase of 21.12% in the median remuneration of employees.

**C. Number of permanent employees on the rolls of Company as on 31st March 2018**

There were 93 permanent employees on rolls of the Company as on March 31, 2018

**D. Average percentile increase already made in the salaries of the employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in managerial remuneration.**

Average percentile increase already made in the salaries of the employees other than the managerial personnel in this financial year i.e., 2017-18 is 39% whereas there was no change in the managerial remuneration for the said financial year.

**E. Affirmation that the remuneration is as per the remuneration Policy of the Company:**

Yes, it is hereby affirmed that the remuneration is as per the remuneration Policy of the Company:

For and on behalf of the Board

Sd/-

**V. Atchyuta Rama Raju**

Chairman and Managing Director  
(DIN : 00997493)

24th August, 2018  
Hyderabad

**Statement of Particulars of Employees Pursuant to Provisions of Rule 5(2) of Section 197(12) of the Companies Act 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014**  
**Details of top 10 Employees (in terms of Remuneration), other than Executive Directors Employed throughout the year/part of the year:**

Sl. No	Name of the Employee	Age (Years)	Designation	Qualification	Remuneration (per annum)	Nature of Employment	Experience (Years)	Date of Commencement of Employment	Previous Employment	Relationship with Directors/Managers	Nature of Duties of employee	% of Share holding in the Company
1.	SRINIVASA CHARY K	42	Project Manager(IT)	B. Sc Computers	13,80,000	Permanent	17	March 2005	Micropack Ltd	Not related to any Director	Project Manager	Nil
2.	T. HARISH	37	Head HPCC Solutions	M.Sc., Computers	12,00,000	Permanent	9	April 2017	Locuz Enterprise Solutions Ltd	Not related to any Director	Project Leader	Nil
3	SHYAM KUMAR	41	System Consultant	Diploma in Electrical Engineer	12,00,000	Permanent	16	January 2018	Atos IT Services Pvt. Ltd	Not related to any Director	Consultant	Nil
4	A VEERA PRASAD	38	Project Manager	B.E	10,98,600	Permanent	14	May 2006	Concurrent Analysis Pvt. Ltd	Not related to any Director	Project Management	Nil
5	SRINIVAS R	38	Project Manager	BTech	10,98,600	Permanent	14	April 2005	Concurrent Analysis Pvt. Ltd	Not related to any Director	Mechanical design Engineering	Nil
6	B SUVARNA	38	Project Manager	B.E	10,80,000	Permanent	16	April 2005	Impact Metals Ltd	Not related to any Director	Project Management	Nil
7	T JAGADISH BABU	38	Project	DME	9,08,520	Permanent	11	April 2007	RMSI & Satyam	Not related to any Director	Engineering Services	Nil
8	G SIVA	38	CFO	ICWA (Inter) M Com & MBA	8,64,000	Permanent	11	October 2007	K N Murthy & Co	Not related to any Director	Finance & Accounts	0.009
9	M KALYAN CHAKRAVARTHI VARMA	35	Sr. Manager Global Sales	BCA	8,49,996	Permanent	9	November 2017	MOLD-TEK Technologies Ltd	Not related to any Director	Sales Manager	Nil
10	SATYENDRA KUMAR BARTI	34	Storage Admin	MBA (IT & Marketing)	8,00,004	Permanent	7	April 2017	HCL Technologies Ltd	Not related to any Director	Storage Admin	Nil
11	N M VENKATESH	33	Accounts Manager	B. Tech	7,20,000	Permanent	9	January 2014	ICON Design Automation Repository Pvt Ltd	Not related to any Director	Sales	Nil

## Policy for selection of Directors and determining Directors Independence

### 1. Introduction:

- 1.1 Vama Industries Limited (VAMA) believes that an enlightened Board consciously creates a culture of leadership to provide a long-term vision and policy approach to improve the quality of governance. Towards this, VAMA ensures constitution of the Board of Directors with required composition, diversified expertise and experience and commitment to discharge their responsibilities and duties effectively.
- 1.2 VAMA recognizes the importance of Independent Directors in achieving the effectiveness of the Board.

### 2. Scope:

- 2.1 This Policy sets out the guiding principles for the Nomination and Remuneration Committee for identifying persons who are qualified to become Directors and to determine the independence of Directors, in case of their appointment as Independent Directors of the Company.

### 3. Terms and References:

In this Policy, the following terms shall have the following meanings:

- 3.1 **“Director”** means a Director appointed to the Board of the Company.
- 3.2 **“Nomination and Remuneration Committee”** means a Committee constituted by Vama Industries Limited's Board in accordance with the provisions of Section 178 of the Companies Act, 2013.
- 3.3 **“Independent Director”** means a Director referred to in sub-section (6) of Section 149 of the Companies Act, 2013.

### 4. Policy:

#### 4.1 Qualifications and Criteria

- 4.1.1 The Nomination and Remuneration (NR) Committee and the Board shall review on an annual basis, appropriate skills, knowledge and experience required of the Board as a whole and its individual members. The objective is to have a Board with diverse background and experience that are relevant for the Company's operations.
- 4.1.2 In evaluating the suitability of individual Board members, the Nomination and Remuneration Committee may take into account factors, such as:
  - General understanding of the Industry vis a vis Company's business perspective;
  - Educational and professional background
  - Standing in the profession;
  - Personal and professional ethics, integrity and values;
  - Willingness to devote sufficient time and energy in carrying out their duties and responsibilities effectively.

4.1.3 The proposed appointee shall also fulfill the following requirements:

- Shall possess a Director Identification Number;
- Shall not be disqualified under the Companies Act, 2013;
- Shall give his written consent to act as a Director;
- Shall endeavour to attend all Board Meetings and wherever he is appointed as a Committee Member, the Committee Meetings;
- Shall disclose his concern or interest in any Company or Companies or Bodies Corporate, Firms including his shareholding at the first meeting of the Board in every financial year and thereafter whenever there is a change in the disclosures already made;
- Such other requirements as may be prescribed, from time to time, under the Companies Act, 2013 and other relevant laws.

4.1.4 The NR Committee shall evaluate each individual with the objective of having a group that best enables the success of the Company's business.

## 4.2 Criteria of Independence

4.2.1 The NR Committee shall assess the independence of Directors at the time of appointment / re-appointment and the Board shall assess the same annually. The Board shall re-assess determinations of independence when any new interests or relationships are disclosed by a Director.

4.2.2 The criteria of independence, as laid down in Companies Act, 2013, is as below:

An independent director in relation to a company, means a director other than a managing director or a whole-time director or a nominee director—

- a. who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- b. (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;  
(ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
- c. who has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two percent or more of its gross turnover or total income as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- d. none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- e. who, neither himself nor any of his relatives—
  - (i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;



- (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—
  - (A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
  - (B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
- (iii) holds together with his relatives two per cent or more of the total voting power of the company; or
- (iv) is a Chief Executive or director, by whatever name called, of any non profit organisation that receives twenty-five per cent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company; or
- (v) is a material supplier, service provider or customer or a lessor or lessee of the company.
- f. shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations, corporate social responsibility or other disciplines related to the Company's business.
- g. shall possess such other qualifications as may be prescribed, from time to time, under the Companies Act, 2013.
- h. who is not less than 21 years of age.

4.2.3 The Independent Directors shall abide by the "Code for Independent Directors" as specified in Schedule IV to the Companies Act, 2013.

### 4.3 Other directorships / committee memberships

4.3.1 The Board members are expected to have adequate time and expertise and experience to contribute to effective Board performance. Accordingly, members should voluntarily limit their directorships in other listed public limited companies in such a way that it does not interfere with their role as directors of the Company. The NR Committee shall take into account the nature of and the time involved in a Director's service on other Boards, in evaluating the suitability of the individual Director and making its recommendations to the Board.

4.3.2 A Director shall not serve as a Director in more than 20 companies of which not more than 10 shall be Public Limited Companies

For and on behalf of the Board  
Sd/-

**V. Atchyuta Rama Raju**  
Chairman and Managing Director  
(DIN : 00997493)

24th August, 2018  
Hyderabad

**Remuneration Policy for Directors, Key Managerial Personnel and other employees**
**1. Introduction:**

Vama Industries Limited (VAMA) recognizes the importance of aligning the business objectives with specific and measureable individual objectives and targets. The Company has therefore formulated the remuneration policy for its directors, key managerial personnel and other employees keeping in view of the following objectives:

- a) Ensuring that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate employees to run the company successfully.
- b) Ensuring that relationship of remuneration to performance is clear and meets the performance benchmarks.
- c) Ensuring that remuneration is based on such parameters reflecting short and long term performance objectives appropriate to the working of the company and its goals.

**2. Scope:**

This Policy sets out the guiding principles for the Nomination and Remuneration Committee for recommending to the Board the remuneration of the directors, key managerial personnel and other employees of the Company.

**3. Terms and References:**

In this Policy, the following terms shall have the following meanings:

**3.1“ Director”** means a Director appointed to the Board of the company.

**3.2 “Key Managerial Personnel”** means

- (i) the Chief Executive Officer or the Managing Director or the Manager;
- (ii) the Company Secretary;
- (iii) the Whole-time Director;
- (iv) the Chief Financial Officer; and
- (v) such other officer as may be prescribed under the Companies Act, 2013

**3.3 “Nomination and Remuneration Committee”** means the committee constituted by the Board of Directors of Vama Industries Limited in accordance with the provisions of Section 178 of the Companies Act, 2013.

**4. Policy:**
**4.1 Remuneration to Executive Directors and Key Managerial Personnel**

4.1.1 The Board, on the recommendation of the Nomination and Remuneration Committee, shall review and approve the remuneration payable to the Executive Directors of the Company within the overall limits approved by the shareholders.

4.1.2 The Board, on the recommendation of the Nomination and Remuneration Committee, shall also review and approve the remuneration payable to the Key Managerial Personnel of the Company.

4.1.3 The remuneration structure to the Executive Directors and Key Managerial Personnel may include the following components:

- (i) Basic Pay
- (ii) Perquisites and Allowances
- (iii) Commission (Applicable in case of Executive Directors)
- (iv) Retiral benefits
- (v) Annual Performance Bonus

#### **4.2 Remuneration to Non-Executive Directors**

The Board, on the recommendation of the Nomination and Remuneration Committee, shall review and approve the remuneration payable to the Non-Executive Directors of the Company within the overall limits approved by the shareholders, if any.

#### **4.3 Remuneration to other employees**

Employees shall be assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined within the appropriate grade and shall be based on various factors such as job profile, skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs.

For and on behalf of the Board  
Sd/-

**V. Atchyuta Rama Raju**  
Chairman and Managing Director  
(DIN : 00997493)

24th August, 2018  
Hyderabad

**Whistle blower policy**

As referred in the Directors Report and the Report on Corporate Governance, the Company has framed and adopted the Whistle blower policy that covers our directors and employees. The policy is subject to need based review and modifications, if required, from time to time. The Policy, as applicable currently, is laid hereunder and is also posted on our website [www.vamaind.com](http://www.vamaind.com)

**Scope and purpose:**

Vama Industries Limited (Vama) is committed to complying with the foreign and domestic laws that apply to it, satisfying the Company's Code of Conduct and particularly to assuring that business is conducted with integrity and that the Company's financial information is accurate. If potential violations of Company policies or applicable laws are not recognized and addressed promptly, both the Company and those working for or with the Company could face governmental investigation, prosecution, fines, and other penalties that may have cascading impact and may prove fatal consequentially, and to promote the highest ethical standards, the Company will maintain a workplace that facilitates the reporting of potential violations of Company's policies and applicable laws. Employees must be able to raise concerns regarding such potential violations easily and free of any fear of retaliation. That is the purpose of this policy (the 'Policy' or the 'Vigil Mechanism and Whistle Blower Policy'). You are required to read this Policy and acquaint yourself with the same.

**Report at the earliest - Nip at the bud**

Everyone is required to report to the Company any suspected violation of any law that applies to the Company and any suspected violation of the Company's Code of Conduct. It is important that you report all suspected violations. This includes possible accounting or financial reporting violations, insider trading, bribery, harassment, discrimination in your employment etc.

It is the policy of the Company that you must, when you reasonably suspect that a violation of an applicable law or the Company's Code of Conduct has occurred or is occurring, report that potential violation. Reporting is crucial for early detection, proper investigation and remediation, and deterrence of violations of Company's policies or applicable laws. You should not fear any negative consequences for reporting reasonably suspected violations because retaliation for reporting suspected violations is strictly prohibited by Company's policy. Failure to report any reasonable belief that a violation has occurred or is occurring is itself a violation of this Policy and such failure will be addressed with appropriate disciplinary action, including possible termination of employment.

**How & Where to Report**

You must report all suspected violations to (i) your immediate supervisor; (ii) the nodal officer, i.e., the Company Secretary; at or (iii) anonymously, by sending an email to: [whistleblower@vama.co.in](mailto:whistleblower@vama.co.in)

If you have reason to believe that your immediate supervisor or the Company Secretary is involved in the suspected violation, your report may be made to the Chairman of the Audit Committee at:

Chairman, Audit Committee, Vama Industries Limited, Ground Floor, B-12, Madhura Nagar, Hyderabad.

Because you have several means of reporting, you need not report to someone you believe may be involved in the suspected violation or from whom you would fear retaliation.

Your report should include as much information about the suspected violation as you can provide. Where possible, it should describe the nature of the suspected violation; the identities of persons involved in the suspected violation; a description of documents that relate to the suspected violation; and the time frame during which the suspected violation occurred. Where you have not reported anonymously, you may be contacted for further information.

### **Post reporting Investigation**

All reports under this Policy will be promptly and appropriately investigated, and all information disclosed during the course of the investigation will remain confidential, except as necessary to conduct the investigation and take any remedial action, in accordance with applicable law. Everyone working for or with the Company has a duty to cooperate in the investigation of reports of violations. Failure to cooperate in an investigation, or deliberately providing false information during an investigation, can be the basis for disciplinary action, including termination of employment. If, at the conclusion of its investigation, the Company determines that a violation has occurred, the Company will take effective remedial action commensurate with the nature of the offense. This action may include disciplinary action against the accused party, up to and including termination. Reasonable and necessary steps will also be taken to prevent any further violations of the Company's policy.

### **Zero - Retaliation policy**

No one may take any adverse action against any employee for complaining about, reporting, or participating or assisting in the investigation of, a reasonably suspected violation of any law, this Policy, or the Company's Code of Conduct and Ethics. The Company takes reports of such retaliation seriously. Incidents of retaliation against any employee reporting a violation or participating in the investigation of a reasonably suspected violation will result in appropriate disciplinary action against anyone responsible, including possible termination of employment. Those working for or with the Company who engage in retaliation against reporting employees may also be subject to civil, criminal and administrative penalties.

### **Modification**

The Audit Committee or the Board of Directors of Vama can modify this Policy unilaterally at any time without notice. Modification may be necessary, among other reasons, to maintain compliance with national, state or local regulations and / or accommodate organizational changes within the Company.

For and on behalf of the Board

Sd/-

**V. Atchyuta Rama Raju**

Chairman and Managing Director  
(DIN : 00997493)

24th August, 2018  
Hyderabad

In accordance with the provisions of the SEBI (LODR) Regulations, 2015, we present the report containing the details of Corporate Governance systems and processes at Vama Industries Limited (VAMA) as follows:

## **I. Our philosophy on Code of Governance:**

The principles of Corporate Governance are based on transparency, accountability and focus on the sustainable success of the Company over the long term. At Vama Industries, we feel proud to belong to a company whose visionary founders laid the foundation stone for good governance long back and made it an integral principle of business, as demonstrated in its organization culture at all levels..

Responsible corporate conduct is integral to the way we do our business. Our actions are governed by our values and principles, which are reinforced at all levels within the Company. At Vama Industries, we are committed to doing things in a right way which means taking business decisions and acting in a way that is ethical and is in compliance with governing legislations.

To succeed, we believe, requires high standards of corporate behavior towards everyone we work with, the community we touch and the environment on which we have an impact. This is our road to consistent, competitive, profitable and responsible growth and creating long term value for our members, our people and our business partners. The above principles have been the guiding force for whatever we do and shall continue to be so in the years to come.

The Board of Directors plays a crucial role in overseeing how the management serves the short and long-term interest of members and other stakeholders. This belief is reflected in our governance practices, under which we strive to maintain an effective, informed and independent Board. We keep our governance practices under review and benchmark ourselves to best practices across the globe.

## **II. Board of Directors**

### **a) Composition of the Board**

The Board of your company has a good mix of executive and non executive directors with half of the Board of the Company comprising independent directors. As on date of this report, the board consists of 6 directors comprising 2 Executive directors and 3 Independent directors and 1 non executive woman director. The composition of the board represents an optimal mix of professionalism, knowledge, experience and enables the board to discharge its responsibilities and provide effective leadership to the business.

During the year, Mr. R. Venkateswara Rao resigned as Non Executive Director (Independent Category) w.e.f 16.10.2017 and Mr. V. Rama Krishna Rao also resigned as non executive director (Independent Category) w.e.f 10.01.2018 due to their personal reasons.

Mr.V. Srinivas and Mr.K. Venkata Krishna Rao were appointed as Additional directors(Independent Category) w.e.f 10.01.2018.The Board places on record its deep sense of appreciation for the contribution made by Mr. R. Venkateswara Rao & Mr. V. Rama Krishna Rao as Independent Directors.

On an annual basis, the company obtains from each director details of the board and board committee positions he/she occupies in other companies and changes, if any, regarding their directorship. In addition, the independent directors provide an annual confirmation that they meet criteria of independence as defined under section 149(6) of the Companies Act, 2013.

The Board composition is in conformity with Regulation 17 of SEBI(LODR) Regulations, 2015 and the provisions of Companies Act, 2013 and the Nomination and Remuneration Committee periodically evaluates the need for change in composition and size.

### **b) Meetings and Attendance**

The Board meets at regular intervals to discuss and decide on Company / Business policy and strategy apart from statutory and other business. The Board meetings are pre-scheduled and a tentative annual calendar of the Board meetings is circulated to the directors well in advance to facilitate them to plan their schedule and to ensure meaningful participation in the meetings.

The Board business generally includes consideration of important corporate actions and events including:-

- Quarterly and annual results announcements;
- Oversight of the performance of the business;
- Dividend(s);
- Development and approval of overall business strategy;
- Board succession planning;
- Review of the functioning of the committees;
- Other strategic, transactional and governance matters as required under Companies Act, 2013, SEBI (LODR) Regulations, 2015 and other applicable legislations.

The notice of the Board meeting is given well in advance to all the directors. The agenda of the Board meeting is set by the Company Secretary in consultation with Chairman and the Managing Director. The agenda is circulated a week prior to the date of the meeting. The Board agenda includes an Action Taken Report comprising the actions emanating from the Board meetings and status update thereof. The Agenda for the Board meetings include detailed notes on the items to be discussed at the meeting to enable the Directors to take an informed decision. Prior approval from the Directors is obtained for circulating agenda items with shorter notice for matters that form part of the Board Agenda

### c) Membership in other Boards or Committees

Name	No. of Memberships in other Companies (including Private Limited Companies)		
	Board	Committees	
		Membership	Chairmanship
Mr. V. Atchyuta Rama Raju	1	Nil	N.A.
Mr. V. Rajam Raju	1	Nil	N.A.
Mr. R. Venkateswara Rao	Nil	Nil	N.A.
Mr. K. Vara Prasad Raju	Nil	Nil	N.A.
Mr. V. Ramakrishna Rao	Nil	Nil	N.A.
Mrs. R. Rama Sravanthi	Nil	Nil	N.A.
Mr. V. Srinivas	Nil	Nil	N.A.
Mr. K. Venkata Krishna Rao	Nil	Nil	N.A.

### Attendance at previous Annual General Meeting

Name	Attendance at Previous AGM
Mr. V. Atchyuta Rama Raju	Yes
Mr. V. Rajam Raju	Yes
Mr. R. Venkateswara Rao*	Yes
Mr. K. Vara Prasad Raju	Yes
Mr. V. Ramakrishna Rao**	Yes
Mrs. R. Rama Sravanthi	Yes
Mr. V. Srinivas	Not Applicable (since appointed wef 10.01.2018)
Mr. K. Venkata Krishna Rao	Not Applicable (since appointed wef 10.01.2018)

\* Resigned on 16.10.2017

\*\* Resigned on 10.01.2018

**d) During the FY 2017-2018, 09 (Nine) Board Meetings were held as detailed hereunder:**

12th April 2017, 30th May 2017, 22nd July 2017, 19th August 2017, 13th November, 2017, 14th November 2017, 27th November 2017, 10th January 2018, 08th February 2018. The maximum time-gap between any two consecutive meetings did not exceed 120 days.

Name	Category	No of Board Meetings Attended
<b>Promoter &amp; Executive Directors</b>		
Mr. V. Atchyuta Rama Raju	Managing Director	8/9
Mr. V. Rajam Raju	Executive Director	8/9
<b>Non - Promoter &amp; Non - Executive Directors</b>		
Mr. R. Venkateswara Rao*	Independent Director	3/4
Mr. K. Vara Prasad Raju	Independent Director	7/9
Mr. V. Ramakrishna Rao **	Independent Director	6/8
Mrs. R. Rama Sravanthi	Non-Executive Director	6/9
Mr. V. Srinivas (appointed wef 10.01.2018)	Independent Director	1/1
Mr. K. Venkata Krishna Rao (appointed wef 10.01.2018)	Independent Director	1/1

\* Resigned on 16.10.2017

\*\* Resigned on 10.01.2018

**(e) Disclosure of relationship between Directors inter-se**

Mr. V. Atchyuta Rama Raju and Mr. V. Rajam Raju are related to each other as brothers and share no relationship with any other Director on the Board. Except above none of the other Directors is related to any other Director on the Board.

**f) Shareholding of Non-Executive Directors**

Sl. No	Name	No of Shares	% of shares held	No of Convertible Instruments
1	Mr. V. Ramakrishna Rao *	1000	Negligible	0
2	Mr. R. Venkateswara Rao*	3500	0.01	0
3	Mr. K. Vara Prasad Raju	1500	Negligible	0
4	Mrs. R. Rama Sravanthi	0	0	0
5	Mr. V. Srinivas	0	0	0
6	Mr. K. Venkata Krishna Rao	34750	0.07	0

\* Resigned from the respective office of Director, however continue to hold the shares in the Company.



### **Independent Directors:**

Our Independent Directors comply with the requirements as stipulated under Section 149 of the Companies Act, 2013 as well as Regulation 16 of SEBI(LODR) Regulations, 2015.

The Independent Directors on our Board are as follows:

- Mr. K Vara Prasad Raju
- Mr. V. Srinivas (appointed on 10.01.2018)
- Mr. K. Venkata Krishna Rao (appointed on 10.01.2018)

### **Separate Independent Directors' meeting:**

In compliance with schedule IV of the Companies Act, 2013 and Regulation 25(3) of the SEBI (LODR) Regulations, 2015, the Independent Directors held their meeting on 08th February, 2018, without the attendance of non-independent directors and members of the management, inter alia, to discuss the following:

- Noting the report of performance evaluation of the Board from the Chairman of the Board;
- Review of the performance of non-independent directors and the Board;
- Review of the performance of the Chairman of the Company;
- Assessment of the quality and quantity and timeliness of flow of information to the Board; and
- Review of informal meeting with senior management personnel

All independent directors were present at the aforesaid meeting.

### **(g) Familiarization programme for Independent Directors:**

The Board familiarization programme comprises the following:

- Induction programme for new Independent Directors;
- A bird's eye-view on the Company's business and functional issues;
- Workshop session on proposed business verticals
- Strategy session

The new Independent Directors are taken through a detailed induction and familiarization programme. As part of the Induction session, the Managing Director provides an overview of the organization, its history, values and purpose. The Independent Directors are made aware of their roles and responsibilities at the time of their appointment and detailed letter of appointment is issued to them.

Our Familiarization Programme may be accessed on our Website at:

[http://www.vamaind.com/Policies/Familiarisation\\_Programme\\_for\\_Independent\\_Directors.pdf](http://www.vamaind.com/Policies/Familiarisation_Programme_for_Independent_Directors.pdf)

### **Vigil Mechanism / Whistle Blower Policy:**

In terms of provisions of Section 177(9)/(10) of the Companies Act, 2013 and Regulation 22 of the SEBI (LODR) Regulations, 2015, the Company has adopted a Whistle Blower policy to provide appropriate avenues to the directors and employees to bring to the attention of the management, promptly and directly, any kind of unethical behavior, suspected fraud or irregularity in the Company practices etc.,

The Company Secretary of the Company has been made the nodal officer to receive the complaints / concerns / grievances of employees, who in turn escalates the matter to the Audit Committee who oversees the vigil mechanism.

Employees and Directors can send mails to the nodal officer or also send a written communication to the Company. The employees are encouraged to voice their concerns by way of whistle blowing and all the employees have been given access to the Audit committee. No personnel have been denied access to the audit committee pertaining to the whistle blower policy.

The Vigil Mechanism and Whistle Blower Policy is attached at **Annexure VIII** to the Board's Report and may also be accessed on the Company's Website at the link: [http://www.vamaind.com/Policies/Vigil\\_Mechanism\\_Whistle\\_Blower\\_Policy.pdf](http://www.vamaind.com/Policies/Vigil_Mechanism_Whistle_Blower_Policy.pdf)

It is hereby affirmed that no personnel has been denied access to the audit committee.

#### **(h) Board Evaluation**

In terms of the requirements of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, an annual performance evaluation of the Board is undertaken where the Board formally assesses its performance with an aim to improve the effectiveness of the Board. During the year, Board evaluation cycle was completed internally which included the evaluation of the Board as a whole, Board committees and peer evaluation of directors.

The Evaluation process focused on various aspects of the functioning of the Board and committees, experience and competencies, performance of specific duties and obligations, governance issues, etc. The guidance issued by the SEBI on Board Evaluation was duly considered while conducting the evaluation exercise. Separate exercise was carried out to evaluate the performance of individual directors on parameters such as attendance and contribution. As an outcome of the above exercise, it was noted that the Board as a whole is functioning as a cohesive body which is well engaged with different perspectives. The Board members from different backgrounds bring about different complementarities that help the board discussions to be rich and value adding.

Further, the performance evaluation of Independent Directors was carried out by the entire Board, excluding the director being evaluated. Further, feedback forms are also obtained from the Directors as an additional source of performance evaluation of each of the Directors. Standard parameters such as attendance, acquaintance with business, communication inter se Board members, effective participation in Board deliberations, compliance with code of conduct, general thought process and inputs etc., are adopted in the process of evaluation.

#### **(i) Transactions with Related Parties**

During the year under review, the company has provided consultancy services to our subsidiary Company, i.e., Vama Technologies Pte. Ltd., and that is in the ordinary course of business and on an arm's length basis.

All related party transactions during the year were in ordinary course of the Business and at Arm's length basis. No material related party transactions i.e., transaction exceeding 10% of the annual consolidated turnover as per the last audited financial statement, were entered during the year by your Company

There are no materially significant related party transactions made by the Company with the Promoters, Directors, Key Managerial Personnel or any related party which may have a potential conflict of interest with the Company at large.

All the Related Party Transactions are placed before the Audit Committee and the Board for review and approval.

None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company.

We have formulated a policy on “materiality of related party transactions” and the process of dealing with such transactions, which are in line with the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

The same is also available on the website of the Company at the link [http://www.vamaind.com/Policies/Related\\_Party\\_Transactions\\_Policy.pdf](http://www.vamaind.com/Policies/Related_Party_Transactions_Policy.pdf)

### **III. COMMITTEES OF THE BOARD**

The Board Committees play a crucial role in the governance structure of the Company and have been constituted to deal with specific areas / activities as mandated by applicable regulation. The Board Committees are set up under the formal approval of the Board to carry out clearly defined roles which are considered to be performed by the members of the board, as a part of good governance practice. The Chairman of the respective committees informs the board about the summary of the discussions held in the committee meetings. The minutes of the meeting of all Committees are placed before the board for review

The Board has established the following statutory Committees:-

- Audit Committee
- Nomination & Remuneration Committee
- Risk Management Committee
- Stakeholders Relationship Committee

The role and composition of these Committees, including the number of Meetings held during the financial year and the related attendance are provided below:

#### **1. AUDIT COMMITTEE**

The Audit committee takes responsibility for overseeing the effectiveness of financial reporting, risk management and internal control system, including reviewing the process the company has put in place to identify asses and manage our risk.

The Board has been reviewing the working of the Committee from time to time to bring about greater effectiveness in order to comply with the various requirements under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015. All members of the Audit committee are independent, non executive directors and are financially literate

During the year under review, in view of the vacancy arising out of the resignation of Mr. V. Ramakrishna Rao, who was the chairman of the Committee and Mr. R. Venkateswara Rao, who was a member of the committee, the Board at its meeting held on 10th January, 2018 appointed Mr. V. Srinivas, Independent Director as the chairman of the Committee and Mr. K. Venkata Krishna Rao, Independent Director as a member of the Committee in accordance with requirements under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

The powers, role and terms of reference of the Audit Committee are in accordance with the provisions of Regulation 18 of the SEBI (LODR) Regulations, 2015 and Section 177 of the Companies Act, 2013 and the committee also discharges such other functions as may be specifically delegated to it by the Board from time to time.

## a. Composition & Attendance in Meetings

In accordance with the provisions of Regulation 18 of the SEBI (LODR) Regulations, 2015 and Section 177 of the Companies Act, 2013, the composition & Attendance of our Audit Committee is as follows:

Name	Designation	Meetings held	Meeting entitled to attend	Attended
*Mr.V.Ramakrishna Rao	Chairman	4	3	3
**Mr. R. Venkateswara Rao	Member	4	2	2
Mr. K. Vara Prasad Raju	Member	4	4	4
*** Mr. V. Srinivas	Chairman	4	1	1
**** Mr.K. Venkata Krishna Rao	Member	4	1	1

\*Mr. V. Ramakrishna Rao resigned w.e.f 10.01.2018

\*\*Mr. R. Venkateswara Rao resigned w.e.f 16.10.2017

\*\*\*Mr. V. Srinivas was appointed on 10.01.2018

\*\*\*\*Mr. K. Venkata Krishna Rao was appointed on 10.01.2018

The meetings were scheduled well in advance and not more than one hundred twenty days elapsed between any two meetings. In addition to the members of the Audit Committee, the meetings were attended by heads of finance, internal audit functions and statutory auditor of the Company who were considered necessary for providing inputs to the Committee.

The company Secretary acted as the secretary to the Audit Committee

The Chairman of the Audit Committee, Mr. V.Ramakrishna Rao attended the previous Annual General Meeting (AGM) held on 25th Day of September, 2017 to answer the Shareholders' queries.

Meetings of Audit Committee:

The Audit Committee met 4 times during the previous year, with a gap not exceeding one hundred and Twenty days between. The said committee met at the following dates:

30.05.2017	22.07.2017	14.11.2017	08.02.2018
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## b. Role of the Audit Committee includes:-

- Oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company;
- Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
- Reviewing with the management, the annual financial statements and auditor's report thereon 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 (c) of sub-section 3 of section 134 of the Companies Act, 2013.
  - Changes, if any, in the accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgement by the management.

- d. Significant adjustments made in the financial statements arising out of audit findings.
  - e. Compliance with listing and other legal requirements relating to financial statements.
  - f. Disclosure of any related party transactions.
  - g. Modified opinion(s) in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
  6. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for the purposes other than those stated in the offer document / prospectus / notice and report submitted by the monitoring agency, monitoring utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;
  7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
  8. Approval or any subsequent modification of transactions of the Company with the related parties;
  9. Scrutiny of the inter-corporate loans and investments;
  10. Valuation of undertakings or assets of the company, wherever it is necessary;
  11. Evaluation of internal financial controls and risk management systems;
  12. Reviewing, with the management, performance of statutory and internal auditors and adequacy of the internal control systems;
  13. Reviewing adequacy of internal audit function, if any, including structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;
  14. Discussion with the internal auditors of any significant findings and follow up thereon;
  15. Reviewing findings of any internal investigations by the internal auditors into matters where there is a suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
  16. Discussions with the 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;
  17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
  18. To review functioning of the Whistle Blower mechanism;
  19. Approval of appointment of CFO after assessing the qualifications, experience and background, etc. of the candidate;
  20. Carrying out any other function as stipulated in terms of reference of the Audit Committee.

The audit committee shall mandatorily review the following information:

- Management discussion and analysis of financial condition and results of operations.
- Statement of significant related party transactions (as defined by the audit committee), submitted by management.
- Management letters/letters of internal control weaknesses issued by the statutory auditors.
- Internal audit reports relating to internal control weaknesses.
- The appointment, removal and terms of remuneration of the internal auditor shall be subject to review by the audit committee.

- Statement of deviations.
- a. Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to the stock exchange(s) in terms of Regulation 32(1)
- b. Annual statement of fund utilized for the purposes other than those stated in the offer document/Prospectus/ Notice in terms of Regulation 32(7)

## 2. NOMINATION AND REMUNERATION COMMITTEE

The Committee functions as per the Regulation 19 of the SEBI (LODR) Regulations, 2015 and as per Section 178 of the Companies Act, 2013. The Nomination and Remuneration Committee is responsible for evaluating the balance of skills, experience, Independence, diversity and knowledge on the Board and for drawing up for selection criteria, ongoing succession planning and appointment procedures for both internal and external appointments. All the members of the Committee are Non-Executive and Independent Directors.

### a. Composition & Attendance in Meetings:

In accordance with the provisions of Regulation 19 of the Listing Regulations, 2015 and Section 178 of the Companies Act, 2013, the composition of our Nomination and Remuneration Committee is as follows:

During the year under review, in view of the vacancy arising out of the resignation of Mr.R. Venkateswara Rao, who was the Chairman of the Committee and Mr. V. Ramakrishna Rao, who was a member of the committee, the Board at its meeting held on 10th January, 2018 appointed Mr. K. Venkata Krishna Rao, Independent Director as the Chairman of the Committee and Mr. V. Srinivas, Independent Director as a member of the Committee in accordance with requirements under the Companies Act, 2013 and SEBI (LODR) Regulations,2015.

Name	Designation	Meetings held	Meeting entitled to attend	Attended
*Mr. R. Venkateswara Rao	Chairman	2	1	1
**Mr.V.Ramakrishna Rao	Member	2	2	2
Mr. K. Vara Prasad Raju	Member	2	2	2
*** Mr. V. Srinivas	Chairman	NA	NA	NA
**** Mr.K. Venkata Krishna Rao	Member	NA	NA	NA

\*Mr. R. Venkateswara Rao resigned w.e.f 16.10.2017

\*\*Mr. V. Ramakrishna Rao resigned w.e.f 10.01.2018

\*\*\*Mr. V. Srinivas was appointed on 10.01.2018

\*\*\*Mr. K. Venkata Krishna Rao was appointed on 10.01.2018

### Meetings of Nomination & Remuneration Committee:

The Committee met twice during the previous year. The said Committee met on the following dates:

22.07.2017	10.01.2018
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All the members of the committee are Non- Executive and independent Directors

The Company Secretary acts as the Secretary to the Committee meetings.

As provided under the terms of reference of the Nomination and Remuneration Committee, the members, inter alia, deliberated on the following:

- Appointment of Mr. V. Srinivas and Mr. K. Venkata Krishna Rao as independent directors;
- Reappointment of Mr. V. Atchyuta Rama Raju and Mr.V. Rajam Raju to their respective offices of Managing Director and Executive Director of the Company for another term.
- Specifying the manner for performance evaluation;
- Evaluation of the Board Committees, Chairman and Directors for 2017-18

**b. Terms and reference**

The terms of reference of our Nomination and Remuneration Committee are in accordance with the Regulation 19 of the Listing Regulations, 2015 read with Companies Act, 2013 and includes such other functions as may be assigned to it by the Board from time to time.

**c. The Role of the Nomination and Remuneration Committee includes:-**

- i) Formulation of criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of directors a Policy, relating to, the remuneration of the directors, key managerial personnel and other employees;
- ii) Formulation of criteria for evaluation of Independent Directors and the Board;
- iii) Devising a Policy on diversity of Board of Directors;
- iv) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- v) Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- vi) Annual Performance evaluation of the committees
- vii) To carry out any other functions as is mandated by the Board from time to time and / or enforced by the statutory notification, amendment or modified as may be applicable.

**d. Remuneration policy**

The Executive Directors are paid remuneration in terms of resolution passed by the members at the General Meetings. The Nomination & Remuneration Committee ensures a transparent nomination process for Directors with the diversity of thought, experience, knowledge, perspective and gender in the Board.

Our Remuneration Policy for Directors, Key managerial Personnel and other employees forms part of the Annual Report and is marked as **Annexure –VII** to the Board Report.

**Details of remuneration to Directors for the FY 2017-18**

**(i) Executive Directors:**

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



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

## (ii) Non Executive Directors

Remuneration paid to Non-executive Directors: Nil

The Board in consultation with its Nomination and Remuneration Committee adopts generally accepted criteria for determining remuneration to the Non-executive Directors.

We have not entered into any pecuniary transaction with any of our Non-Executive Directors. Hence, no disclosure needs to be made in this regard.

There are no performance linked incentives for the directors

There were no service contracts, notice period and severance fees for director. Directors of the company do not have any stock options.

## e. Performance evaluation of Independent Directors:

The Board is responsible for undertaking a formal annual evaluation of its own performance, that of its Committees and of individual Directors as per Section 134 of Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with a view to review their functioning and effectiveness and also for identifying possible paths for improvement. During the year, the Board in concurrence with Nomination and Remuneration Committee carried out a performance evaluation of itself, its Committees, and each of the executive/ non-executive/ independent directors through an online survey process.

The Independent directors were evaluated on various performance indicators including aspects relating to:

- Integrity and maintenance of confidentiality
- Commitment and participation at the Board & Committee
- Effective deployment of knowledge and expertise
- Exercise of objective independent judgement in the best interest of the Company
- Interpersonal relationships with other directors and management

The board and committees were evaluated on the following parameters:

- Size, structure and expertise of the Board.
- Review of strategies, risk assessment, robust policies and procedures by Board.
- Oversight of the financial reporting process & monitoring company's internal control system.
- Quality of agenda, conduct of meeting, procedures and process followed for effective discharge of functions.
- Effective discharge of functions and duties by Committee as per terms of reference.
- Appropriateness and timeliness of the updates given on regulatory developments.
- Board's engagement with Senior Management team.

The Chairperson had an individual discussion with each director based on the peer analysis. The feedback was collated and discussed with the Board and action points for improvement are put in place.



### 3. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Board has constituted Stakeholder Relationship Committee in accordance with the provisions Regulation 20 of SEBI (LODR) Regulations, 2015 and Section 178 of the Companies Act, 2013. This Committee was constituted to specifically look into Shareholders' and investors' complaints on matters relating to transfer of shares, non receipt of annual report, non receipt of dividend, payment of unclaimed dividend, etc.,

During the year under review, in view of the vacancy arising out of the resignation of Mr.R. VenkateswaraRao, who was the chairman of the Committee and Mr. V. Ramakrishna Rao, who was a member of the committee, the Board at its meeting held on 10th January, 2018 appointed Mr. K. Venkata Krishna Rao, Independent Director as the chairman of the Committee and Mr. V. Srinivas, Independent Director as a member of the Committee in accordance with requirements under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

#### a. Composition & Attendance in Meetings:

Name	Designation	No. of Meetings held	No. of Meetings Attended	Attended
*Mr. R. Venkateswara Rao	Chairman	4	2	2
**Mr.V. Ramakrishna Rao	Member	4	3	3
Mr. V. Atchyuta Rama Raju	Member	4	4	4
*** Mr. V. Srinivas	Chairman	4	1	1
****Mr.K.Venkata Krishna Rao	Member	4	1	1

\*Mr. R. Venkateswara Rao resigned w.e.f 16.10.2017

\*\*Mr. V. Ramakrishna Rao resigned w.e.f 10.01.2018

\*\*\*Mr. V. Srinivas was appointed on 10.01.2018

\*\*\*Mr. K. Venkata Krishna Rao was appointed on 10.01.2018

The Stakeholder Relationship Committee met four times during the previous year, the said committee met on the following dates:

30.05.2017	22.07.2017	14.11.2017	08.02.2018
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The Company Secretary of the Company acts as the Secretary of the Committee.

The Committee has periodic interaction with representatives of the Registrar and Share Transfer Agent of the Company.

#### b. Terms of Reference

The Committee is functioning in terms of mandatory requirement of Regulation 20 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per Section 178 of the Companies Act, 2013. The main role of the Committee is to look into the redressal of grievances of investors, debenture holders, deposit holders or other security holders relating to transfer of shares; non-receipt of balance sheet; non-receipt of declared dividends; non-receipt of annual reports; non-receipt of interest etc. In addition to this, the Committee also looks into investor relations, share transfer (to the extent not delegated to officials) and monitors servicing of investor requirements.

The Stakeholders Relationship Committee monitors compliance of the provisions of 'Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Insiders' and 'Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information'.

In order to expedite the process and for effective resolution of grievances/complaints, the Committee has delegated powers to the Registrar and Share Transfer Agents i.e., M/s.Bigshare Services Pvt. Ltd., to redress all the complaints/grievances/enquiries of the shareholders/investors. It redresses the grievances/complaints of shareholders/investors under the supervision of Company Secretary & Compliance officer of the Company.

The Committee, along with the Registrar and Share Transfer Agents of the Company follows the policy of attending to the complaints, if any, within seven days from the date of its receipt.

As mandated by SEBI, the Quarterly Reconciliation of Share Capital Audit, highlighting the reconciliation of total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) vis-à-vis the total issued and listed capital is being carried out by a Practicing Company Secretary. This Audit confirms that total issued and paid up capital is in agreement with the total number of shares held in physical and dematerialized form with NSDL and CDSL.

As on 31st March, 2018, 5,24,46,400 equity shares of Rs.2 each representing 99.82% of the total equity capital of the company were held in dematerialized form.

Shareholders Grievances during the Financial Year 2017-18

Nature of Queries / Complaints	Received during the year	Redressed during the year	Pending as on 31st March 2018
Nil	Nil	Nil	Nil

There are No Complaints pending during the financial year 2017-18

#### 4. RISK MANAGEMENT COMMITTEE

Your Company has an elaborate Risk Management framework, which is designed to enable risks to be identified, assessed and mitigated appropriately. The Risk Management Committee of the Company has been entrusted with the responsibility to assist the Board in

- Overseeing and approving the Company's Risk Management Framework
- Overseeing that all the risks that the organisation faces such as strategic and commercial, safety and operations, compliance and financial risks have been identified and assessed.

In view of the vacancy arising out of the resignation of Mr. V. Ramakrishna Rao, who was the Chairman of the committee, the Board at its meeting held on 10th January, 2018 appointed Mr. V. Srinivas, Independent Director as the chairman of the Committee

- Composition & Attendance in Meetings :

The composition of our Risk Management Committee is as follows:

Name	Designation	No. of Meetings held	Meetings entitled to Attended	Attended
*Mr. V. Ramakrishna Rao	Chairman	3	2	2
Mr.V. Atchyuta Rama Raju	Member	3	3	3
Mr. V. Rajam Raju	Member	3	3	3
** Mr. V. Srinivas	Chairman	3	1	1

\*Mr. V. Ramakrishna Rao resigned w.e.f 10.01.2018

\*\*Mr. V. Srinivas was appointed on 10.01.2018

The Committee met 3 times during the previous year. The said Committee met on the following dates:

30.05.2017	22.07.2017	08.02.2018
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Mr. M. K. BhaskaraTeja, the Company Secretary is the secretary of the Committee.

#### **b. Functions, Roles and Responsibilities**

1. To approve structures, analyse risks and benefits, seek independent opinion with regard to structure or views.
2. Assisting the Board in fulfilling its oversight responsibilities with regard to Enterprise Risk Management.
3. Reviewing and approving risk related disclosures.
4. Responsible for day to day oversight risk management including identification, impact assessment, monitoring, mitigation and reporting.
5. Formulation and implementation of risk management policies and procedures.
6. Providing updates to the Board on enterprise risk and action taken.
7. Ensure compliance with policies and procedures laid down by the Company for specific business units.
8. Maintenance and development of our supportive culture , in relation to the management of risk appropriately embedded through procedures ,training and leadership actions so that all employees are alert to the wider impact on the whole organisation of their actions and decisions.
9. Advising Board on all high level risk matters.
10. To review the effectiveness of the internal control.

#### **IV. GENERAL BODY MEETINGS & SHAREHOLDERS INFORMATION**

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

Financial Date & Year	Time	Venue	Special Resolutions Passed
2016-17 32 nd AGM	Sep 25, 2017 (Monday) at 10.00 A.M	Hotel Inner Circle, Raj Bhavan Road , Somajiguda , Hyderabad – 500082	2
2015-16 31st AGM	Sep 26, 2016 (Monday) at 10.00 A.M	Hotel Inner Circle, Raj Bhavan Road , Somajiguda , Hyderabad – 500082	2
2014-15 30th AGM	Sep 29, 2015 (Tuesday) at 10.00 A.M	Hotel Inner Circle, Raj Bhavan Road , Somajiguda , Hyderabad – 500082	None

## (b) Postal Ballot

During the financial year under review, no postal ballot process was taken up and hence no Special Resolution was passed through Postal Ballot. Therefore providing details of person who conducted the Postal Ballot exercise does not arise. As of now, there is no proposal to pass any Special resolution through Postal Ballot process. Special resolutions, if required to be passed in the future, will be decided at the relevant time. The procedure for postal Ballot is / shall be as per the provisions contained in this behalf in the Companies Act, 2013 and rules made there under.

## V. MEANS OF COMMUNICATION

We regularly interact with the shareholders through the multiple channels of communication such as publication of notices, results, annual Reports and our website.

- a) All the communication, may it be results or notices etc, by way of News Papers is published in Financial Express (English) and Andhra Prabha (Telugu) dailies.
- b) Financials are furnished to BSE Ltd. within the time specified under Regulation 33 of SEBI (LODR) Regulations, 2015 and simultaneously, they are also put on the Company's website and can be accessed at <https://vamaind.com/financials.html>
- c) Event based news releases are posted on our website and also furnished to the Stock Exchange.
- d) No presentations were made to institutional investors or to the analysts during the financial year under review.
- e) The company promptly informs Stock Exchange about all the price sensitive information and all such other matters which in our opinion are material and relevant for the shareholders.
- f) The Company's website: [www.vamaind.com](http://www.vamaind.com) contains separate section for investors where shareholders information is made available.

## VI. GENERAL SHAREHOLDER INFORMATION

### a. Annual General Meeting

**Date & Time:** September 26th 2018 at 10.00 A.M

**Venue:** Inner Circle, Raj Bhavan Road, Somajiguda, Hyderabad-500082.

### b. Financial Year (2017-2018)

The Financial year under review is 2017-2018 [01st April, 2017 to 31st March, 2018].

### c. Dividend

Board of Directors at its Meeting held on May 30, 2018 recommended a dividend of Re.0.10 (5%) per equity share of Rs. 2/- each for the financial year 2017-18 subject to the approval of shareholders at the ensuing Annual General Meeting. If approved, the dividend will be paid on or before 24th October, 2018 to such shareholders whose names shall appear on the Company's Register of Members on Wednesday, September 19th, 2018 and in respect of the

shares held in dematerialized form, the dividend will be paid to members whose names are furnished by National Securities Depository Limited [NSDL] and Central Depository Services (India) Limited [CDSL] as beneficial owners as on that date.

#### **d. Unclaimed Dividend**

As per section 205C of the Companies Act, 2013, any money transferred by the Company to the unpaid dividend account and remaining unclaimed for a period of seven years from the date of such transfer shall be transferred to a fund called the Investor Education and Protection Fund (IEPF) set up by the Central Government.

The Ministry of Corporate Affairs (MCA) notified the commencement date as 7th September, 2016 for section 124 and few sub sections of section 125 of the Companies Act, 2013 and also notified the new Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, outlining the detailed procedure for implementing the Fund and the Authority under the Companies Act, 2013. Accordingly, the unpaid/unclaimed Dividend for the FY 2009-10 was transferred to the said fund in November, 2017.

Unpaid / unclaimed dividend for the financial year 2010-11 shall become due for transfer to the said fund in December 2018. Members are requested to verify their records and send their claim, if any, for the financial year 2010-11, before the amount becomes due for transfer to the fund.

#### **TRANSFER OF SHARES TO IEPF**

As informed in previous year, under section 124(6) of the Companies Act, 2013, as amended, there has been a further provision that all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred by the Company in the name of IEPF.

Accordingly, in due compliance of the provisions of Rule 6(3) of IEPF Rules, 2016 the company sent individual letters through speed post to such shareholders, in respect of whom dividend for a consecutive period of seven years had remained unpaid. Further, public notice was released on 16th March, 2017.

During the year, the Company has transferred 57,660 equity shares of the face value of Rs. 2/- each in respect of 22 shareholders to the Demat Account of IEPF Authority held with CDSL and filed necessary form IEPF-4 with MCA on 20th December, 2017. Details of such shareholders, whose shares are transferred to IEPF and their unpaid dividends for the subsequent years, are available to the concerned shareholders on the website of the Company.

#### **e. Listing Details**

At present, the Equity Shares of the Company are listed on:

BSE Limited (BSE).  
PhirozeJeejeebhoy Towers  
Dalal Street  
Mumbai – 400 001

The Annual Listing fees for the financial year 2018-19 on equity share capital has been paid to BSE.

The Company has paid custodial fees for the year 2018-19 to National Securities Depository Limited [NSDL] and Central Depository Services (India) Limited [CDSL] on the basis of number of beneficial accounts maintained by them as on 31st March, 2018

#### f. Stock Information

BSE Scrip Code: 512175  
 Scrip Name: VAMA INDUSTRIES LTD.,  
 Symbol: VAMA IND  
 Series: EQ  
 ISIN: INE685D01022

#### g. Market Price Data

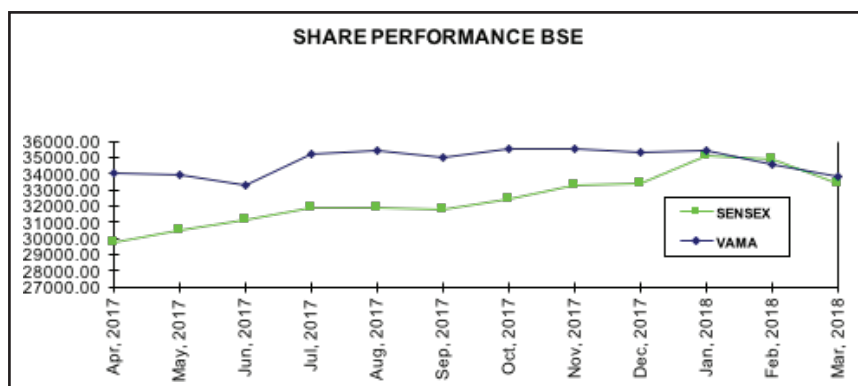
Monthly high and low quotations of equity shares traded on BSE Limited during the financial year 2017-18:

Financial Year 2017-2018	BSE Ltd		
	High (Rs)	Low (Rs)	Volume (No. of Shares)
April 2017	26.95	19.60	630599
May 2017	25.65	20.75	404156
June 2017	23.00	19.00	425025
July 2017	32.75	21.60	1354499
August 2017	31.00	24.85	487058
September 2017	28.90	24.15	342792
October 2017	33.90	23.00	1151152
November 2017	31.50	25.55	642672
December 2017	30.00	25.50	488143
January 2018	31.50	24.70	998818
February 2018	27.00	23.30	1069461
March 2018	26.30	18.85	1580131

#### Category of Shareholders as on 31.03.2018

Sl.No	Category of shareholders	No. of shares	Percentage
1	Promoters	22561830	42.94
2	Public	23618381	44.95
3	Corporate Bodies	5579827	10.62
4	Clearing Members	619736	1.18
5	Non Resident Indians	102566	0.20
6	Government Companies	57660	0.11
	<b>Total</b>	<b>52540000</b>	<b>100</b>

## h. Performance in comparison to broad-based indices



## i. The trading of our securities was never suspended at any point of time during the FY 2017-18.

## i. Registrar and Share Transfer Agent

The Company has appointed M/s. Bigshare Services Private Limited as its share transfer agent and accordingly, processing of share transfer / dematerialization / rematerialization and allied activities is outsourced to M/s. Bigshare Services Private Limited.

All physical transfers, transmission, transportation, issue of duplicate share certificate(s), issue of demand drafts in lieu of dividend warrants, etc., as well as request for dematerialization / rematerialization is handled by Bigshare through connectivity with NSDL and CDSL.

### Bigshare Services Private Limited

306, Right wing, Amruthaville  
Opp.Yashoda Hospital  
Somajiguda, RajbhavanRoad,  
Hyderabad-500 082.

## k. Share Transfer System:

Transfers / Transmissions are carried out in accordance with the provisions of Section 56 of the Companies Act, 2013 and Regulation 40 of the SEBI (LODR) Regulations, 2015. Our Stakeholders Relationship Committee takes note of the transfers / transmission affected by our Share Transfer Agent and the same is in turn reported to the Board of Directors. Share transfer requests which are received in physical form, are processed and the share certificates are returned within a period of 15 days from the date of receipt, subject to the documents being in order and complete in all respects.

The Company obtains from a Company Secretary in practice a Half-Yearly Certificate of compliances with the share transfer formalities and files a copy of the Certificate with the Stock Exchange(s).

## I. Distribution of shareholding

(As on 31.03.2018)

Range of Equity Shares			No of shares	% to capital	No of shares holders	% of share holders
1	-	500	339811	0.6468	1733	58.7259
501	-	1000	342988	0.6528	395	13.3853
1001	-	2000	400755	0.7628	255	8.6411
2001	-	3000	316927	0.6032	124	4.2020
3001	-	4000	213187	0.4058	59	1.9993
4001	-	5000	261046	0.4969	54	1.8299
5001	-	10000	873600	1.6627	113	3.8292
10001-9999999999			49791686	94.7691	218	7.3873

### m. Dematerialization of shares and liquidity

As at March 31, 2018, 5,24,46,400 equity shares representing 99.82% of the total equity capital of the company were held in dematerialized form and the rest in the physical form.

### n. 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.

### o. Foreign Exchange Risk and Hedging activities :

During the year under review, the Company was not exposed to any significant Foreign Exchange Risk and hence there was no need to enter into any Hedging arrangements.

### p. Plant Locations:

Since we do not carry out any manufacturing activities, we do not have any plant / factory as such. All the activities are carried out at its office premises only.

### q. Address for Correspondence:

Company Secretary & Compliance Officer

VAMA Industries Limited  
Ground Floor, 8-3-191/147/24,  
Plot No. B-12, Madhura Nagar,  
S. R. Nagar [Post], Hyderabad-500 038.  
Phone: 040 6661 9919  
E-mail: cs@vama.co.in



## VII. OTHER DISCLOSURES

### a. Related Party Transactions

All Related Party Transactions, which were entered into by the Company during the year under review, were on arm's length basis and in the ordinary course of business and did not attract provisions of section 188 of the Companies Act, 2013 and were also not material Related Party Transactions under regulation 23 of SEBI (LODR) Regulations, 2015 and all Related Party Transactions were placed before the Audit Committee for approval.

There were no material transactions entered into with related parties, during the year under review, which may have had any potential conflict with the interest of the Company.

### b. Details of Non- compliance

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

### c. Vigil Mechanism / Whistle Blower Policy:

The Vigil Mechanism / Whistle Blower Policy provides a mechanism for the director/employee to report, without fear of victimisation, any unethical behaviour, suspected or actual fraud, violation of the code of conduct etc., which are detrimental to the organisation's interest. The mechanism protects the whistle blower from any kind of discrimination, harassment, victimisation or any other unfair employment practice. The Company affirms that no employee has been denied access to the Audit Committee.

The Vigil Mechanism and Whistle Blower Policy is attached at **Annexure X** to the Board's Report and may also be accessed on the Company's Website at the link: [http://www.vamaind.com/Policies/Vigil\\_Mechanism\\_Whistle\\_Blower\\_Policy.pdf](http://www.vamaind.com/Policies/Vigil_Mechanism_Whistle_Blower_Policy.pdf)

It is hereby affirmed that no personnel has been denied access to the audit committee.

### d. Details of Compliance of Mandatory requirements

We have complied with all the applicable mandatory requirements of SEBI (LODR) Regulations, 2015.

Adoption of Non Mandatory requirements

- i. Our Standalone Financial Statement is free from any Audit qualification
- ii. Our Internal Auditor reports directly to the Audit Committee

### e. Policy for determining material subsidiaries may be accessed on our website at the link

[http://www.vamaind.com/Policies/Material\\_Subsiary\\_Determination\\_Policy.pdf](http://www.vamaind.com/Policies/Material_Subsiary_Determination_Policy.pdf)

### f. Policy on dealing with Related Party Transactions

[http://www.vamaind.com/Policies/Related\\_Party\\_Transactions\\_Policy.pdf](http://www.vamaind.com/Policies/Related_Party_Transactions_Policy.pdf)

### g. Commodity Price Risk and Commodity Hedging Risk : Not Applicable

### h. Compliance of Corporate Governance requirements

We have complied with all the requirements Corporate Governance Report as specified in regulation 17 to 27 and clause (b) to (i) of regulation 46.

**i. Code of Conduct:**

In compliance with the provisions of the Listing Regulations, the Board has laid down a code of conduct for all Board members and Senior Management of the Company and it is posted on the website of the Company at the link [http://www.vamaind.com/Code\\_of\\_Conduct.pdf](http://www.vamaind.com/Code_of_Conduct.pdf)

All the members of the Board and the Senior Management Personnel and Designated Employees of the Company have affirmed compliance to the code of conduct as at March 31, 2018.

The declaration from our Chairman & Managing Director with regard to compliance of code of conduct by the Board of Directors and Senior Management is enclosed and forms part of this report.

**j. Auditors Certificate on Corporate Governance**

The Company has obtained a certificate from its statutory auditors regarding compliance with the provisions relating to corporate governance laid down in Part E of schedule V of SEBI (LODR) Regulations, 2015. This certificate is annexed to the Director's Report and will be sent to the stock exchanges, along with the Annual Reports to be filed by the Company.

**k. CEO and CFO Certification**

The MD and CFO have certified to the Board with regard to the financial statements and other matters as required under regulation 17(8), read with Part-B of schedule II to the SEBI (LODR) Regulations, 2015.

**l. Book Closure**

September 20th, 2018 to September 26th, 2018 [both days inclusive]

**m. Shares held in Demat& Physical mode as at March 31, 2018 are as follows:**

Category	Number of		% of Equity
	Share holders	shares	
<b>Demat Mode</b>			
NSDL	1480	42946394	81.74
CDSL	1450	9500006	18.08
<b>Total Dematerialized Shares</b>	<b>1597</b>	<b>52446400</b>	<b>99.82</b>
Physical Mode	21	93600	0.18
<b>Grand Total</b>	<b>2951</b>	<b>52540000</b>	<b>100</b>

**(n) Shareholders holding more than 1% of the shares**

The Details of the shareholders (non promoters) holding more than 1% of the equity as at March 31,2018 are as follows :

**[As on 31.03.2018]**

Sl. No	Name of the Shareholder	No of shares	% shares CAPITAL
1	Mr.Ani Unnikrishnan	67,00,000	12.75
2	M/s. Nirant Technologies Pvt. Ltd.	25,00,000	4.76
3	M/s. Sainaren Properties Pvt. Ltd.	20,00,000	3.81
4	Mr. Nitin Siddamsetty	16,57,781	3.16
5	Mr. V V S Murthy	8,00,000	1.52
6	M/s. Grandeur Products Limited	7,71,255	1.47
7	Mr. Subba Rao Vitakula	7,50,000	1.43
8	Mr. T V AppaRao	7,25,445	1.38
9	Mr. N. Ramesh Kumar	3,92,336	0.75
10	Mr.Jayarama Prasad Munnangi	3,30,450	0.63

**o. Designated email Id for Investor Services**

The designated email ID for investor's complaints is investorservices@vama.co.in.

**p. Capital Reconciliation Audit**

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

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

Section 72 of the Companies Act, 2013 extends nomination facility to individuals holding shares in Physical form in companies. Members, in particular those holding shares in single name may avail this facility by furnishing the particulars of their nomination in applicable form for this purpose.

**r. Shareholding Pattern**

Shareholding Pattern containing the details of shares held by different categories of shareholders forming part of Form MGT-9 is annexed to the Directors Report and marked as **Annexure V**

**s. Prevention of Insider Trading**

In accordance with the requirements of SEBI(Prohibition of Insider Trading) Regulations, 2015, the Company has instituted a comprehensive code of conduct for prohibition of insider trading in the Company's shares.TheCode requires pre-clearance for dealing in theCompany's shares and prohibits the purchaseor sale of Company's shares by the Directors andthe designated employees while in possessionof unpublished price sensitive information inrelation to the Company and during the periodwhen the Trading Window is closed.

# CEO & CFO Certification

[Pursuant to Regulation 17(8) of SEBI (LODR) Regulations, 2015]



The Board of Directors  
VAMA Industries Limited  
Hyderabad.

We, V. Atchyuta Rama Raju, Chairman & Managing Director and G. Siva, Chief Financial Officer of Vama Industries Limited, to the best of our knowledge and belief certify that:

- A.** We have reviewed financial statements and the cash flow statement of our Company for the financial year ended 31st March, 2018 and that to the best of our knowledge and belief:
- 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 together present a true and fair view of our Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B.** There are, to the best of our knowledge and belief, no transactions entered into by our Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C.** We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of our Company pertaining to financial reporting and that we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any.
- D.** We have indicated to the auditors and the Audit committee
- I.** Significant changes in internal control over financial reporting during the year;
- II.** Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
- III.** Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

Sd/-

**V Atchyuta Rama Raju**  
Chairman and Managing Director  
(DIN : 00997493)

Sd/-

**G. Siva**  
Chief Financial Officer

24th August, 2018  
Hyderabad

## DECLARATION ON CODE OF CONDUCT

**Sub: Declaration under Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

I hereby declare that all the Directors and Senior Management personnel of the Company have affirmed compliance with the Company's Code of Conduct for the financial year ended March 31, 2018.

**For VAMA Industries Limited**  
Sd/-

**V Atchyuta Rama Raju**  
Chairman & Managing Director  
(DIN : 00997493)

24th August, 2018  
Hyderabad.

## **AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

### **TO THE MEMBERS OF VAMA INDUSTRIES LIMITED.**

We have examined the compliance of conditions of Corporate Governance by M/s. Vama Industries Limited ("the Company"), for the year ended March 31, 2018, as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing regulations") as referred to in Regulation 15(2) of the Listing Regulations, for the period April 01, 2017 to March 31, 2018.

The compliance of conditions of corporate governance is the responsibility of the 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 Regulations.

We further 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.

**For NSVR & ASSOCIATES LLP**

Chartered Accountants

Firm Reg No. 008801S/S200060

Sd/-

**R.Srinivasu**

Partner

M.No.224033

24th August, 2018  
Hyderabad.

## To the members of Vama Industries Limited

### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Vama Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation

of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

## Report on Other Legal and Regulatory Requirements

- 1) As required by Section 143(3) of the Act, based on our audit we report to the extent applicable that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act. On the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
  - e) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has no pending litigations on its financial position in its standalone financial statements;
    - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- 2) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For NSVR & ASSOCIATES LLP**  
Chartered Accountants  
Firm Reg No. 008801S/S200060

Sd/-  
**R.Srinivasu**  
Partner  
M.No.224033

Place : Hyderabad  
Date : 30.05.2018



## **ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT**

(Referred to in paragraph 1 (f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”).

We have audited the internal financial controls over financial reporting of Vama Industries Limited (“the Company”) as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate

internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.



## Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### Other Matters

The Company's internal control system for recovery of dues from the customers the credit period, periodical confirmations and reconciliation of customer accounts needs to be strengthened further.

### For NSVR & ASSOCIATES LLP

Chartered Accountants

Firm Reg No. 008801S/S200060

Sd/-

**R.Srinivasu**

Partner

M.No.224033

Place : Hyderabad

Date : 30.05.2018

# Annexure - B to the Independent Auditors' Report



## ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.
- ii. As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- iii. According to the information and explanations given to us, the Company has granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:
  - a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.
  - b) The schedule of repayment of principal and payment of interest has been stipulated

and repayments or receipts of principal amounts and interest have been regular as per stipulations. c) There is no overdue amount remaining outstanding as at the year-end.

- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- v. According to the information and explanations given to us, the Company has not accepted any deposit during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013.
- vi. The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.
- vii. According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Service Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Service Tax, cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.
- (c) There are no dues to various authorities as on March 31, 2018

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company did not have dues to financial institutions, government and to debenture holders.
- ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.
- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- xiii. In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party

transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

- xiv. During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding or subsidiary company or persons connected with them and hence provisions of section 192 of the Act are not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For NSVR & ASSOCIATES LLP**

Chartered Accountants

Firm Reg No. 008801S/S200060

Sd/-

**R.Srinivasu**

Partner

M.No.224033

Place : Hyderabad

Date : 30.05.2018

# Standalone Balance Sheet

as at March 31, 2018



(₹ in lakhs)

Particulars	Note No.	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
<b>ASSETS</b>				
Non-current assets				
Property plant and Equipment	2.01	265.33	261.19	228.90
Intangible assets	2.02	150.47	170.70	60.46
Intangible Assets under Development		-	-	75.95
Financial assets				
Investments	2.03	127.01	3.89	-
Other financial assets	2.04	180.12	136.84	95.28
Long Term Loans and Advances	2.05	42.45	58.75	82.90
Other non current assets	2.06	23.94	23.94	34.24
		<b>789.32</b>	<b>655.31</b>	<b>577.72</b>
<b>Current assets</b>				
Inventories	2.07	799.64	489.95	1011.54
Financial assets				
Trade receivables	2.08	2,290.33	1,919.55	1,641.24
Cash and cash equivalent	2.09	493.70	616.11	225.46
Other financial assets	2.10	346.26	85.86	59.02
Other current assets	2.11	318.89	137.37	144.38
		<b>4,248.82</b>	<b>3,248.85</b>	<b>3,081.65</b>
<b>TOTAL</b>		<b>5,038.14</b>	<b>3,904.16</b>	<b>3,659.36</b>
<b>EQUITY AND LIABILITIES</b>				
Equity				
Equity Share Capital	2.12	1,050.80	1,050.80	975.80
Other Equity	2.13	927.32	520.66	326.68
Money received against warrants				144.00
		<b>1,978.12</b>	<b>1,571.46</b>	<b>1,446.48</b>
<b>Liabilities</b>				
Non-current liabilities				
Financial Liabilities				
Borrowings	2.14	174.51	71.97	113.77
Deferred tax liabilities (net)	2.15	20.76	28.13	18.65
Other non-current liabilities				
		<b>195.27</b>	<b>100.10</b>	<b>132.42</b>
<b>Current liabilities</b>				
Financial Liabilities				
Borrowings	2.16	387.14	1,029.71	549.77
Trade payables	2.17	2,035.08	904.71	1,385.73
Other financial liabilities	2.18	39.26	37.69	36.96
Liabilities for current tax (net)				
Provisions	2.19	171.39	63.09	31.30
Other current liabilities	2.20	231.88	197.39	76.71
		<b>2,864.75</b>	<b>2,232.60</b>	<b>2,080.47</b>
<b>TOTAL</b>		<b>5,038.14</b>	<b>3,904.16</b>	<b>3,659.36</b>

The accompanying Significant accounting policies and notes form an integral part of the Standalone financial statements.

**As per our report of even date**  
**For NSVR & Associates LLP,**  
Chartered Accountants  
F.R. No. : 008801S/S200060

Sd/-  
**R. SRINIVASU**  
Partner  
M.No.224033  
Place : Hyderabad  
Date : 30-05-2018

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

Sd/-  
**V. Atchyuta Rama Raju**  
Chairman & Managing Director  
DIN : 00997493  
Sd/-  
**G. Siva**  
Chief Financial Officer

Sd/-  
**V. Rajam Raju**  
Executive Director  
DIN : 01314420  
Sd/-  
**M. Koti Bhaskara Teja**  
Company Secretary

# Standalone Profit and Loss Statement

for the year ended March 31, 2018



(₹ in lakhs)

Particulars	Note No.	As at 31.03.2018	As at 31.03.2017
<b>Income</b>			
Revenue from operations	2.21	6,863.00	4,286.32
Other income	2.22	233.41	22.72
<b>Total Revenue</b>		<b>7,096.41</b>	<b>4,309.04</b>
<b>Expenses</b>			
Cost of materials consumed	2.23	5,957.15	2,649.89
Changes in inventories	2.24	(309.68)	521.59
Employee benefits expense	2.25	362.18	384.95
Finance costs	2.26	174.99	188.96
Depreciation and amortization expense	2.01	31.94	22.57
Other expenses	2.27	245.90	357.90
<b>Total Expenses</b>		<b>6,462.46</b>	<b>4,125.87</b>
<b>Profit before tax</b>		<b>633.94</b>	<b>183.17</b>
<b>Tax expense</b>			
(1) Current tax		171.41	63.05
(2) Deferred tax		(7.37)	9.48
<b>Profit for the year</b>		<b>469.90</b>	<b>110.64</b>
<b>Other comprehensive income (OCI)</b>			
Items that will not be reclassified to profit or loss		-	-
Tax on items that will not be reclassified to profit or loss		-	-
<b>Items that will be reclassified to profit or loss:</b>			
Tax on items that may be reclassified to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
<b>Total other comprehensive income/(loss) for the year, net of tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>469.90</b>	<b>110.64</b>
<b>Earnings per share:</b>			
Basic earnings per share of Rs. 2/-each		0.89	0.21
Diluted earnings per share of Rs. 2/- each		0.89	0.21

The accompanying Significant accounting policies and notes form an integral part of the Standalone financial statements.

**As per our report of even date**  
**For NSVR & Associates LLP,**  
Chartered Accountants  
F.R. No. : 008801S/S200060  
Sd/-  
**R. SRINIVASU**  
Partner  
M.No.224033  
Place : Hyderabad  
Date : 30-05-2018

**for and on behalf of the Board of Directors**  
Sd/-  
**V. Atchyuta Rama Raju**  
Chairman & Managing Director  
DIN : 00997493  
Sd/-  
**G. Siva**  
Chief Financial Officer

Sd/-  
**V. Rajam Raju**  
Executive Director  
DIN : 01314420  
Sd/-  
**M. Koti Bhaskara Teja**  
Company Secretary

### Statement of changes in equity

(₹ in lakhs)

PARTICULARS	EQUITY SHARE CAPITAL	RETAINED EARNINGS	SECURITIES PREMIUM	ACTUARIAL GAINS OR LOSSES	TOTAL EQUITY
Balance as at 1/4/2017	1,050.80	150.66	370.00	-	1,571.46
Profit for the year	-	469.90	-	-	469.90
Dividend paid	-	(52.54)	-	-	(52.54)
Corporate Dividend Tax	-	(10.70)	-	-	(10.70)
Amount transfer to general reserve	-	-	-	-	-
Net change in fair value of FVTPL investments and others	-	-	-	-	-
<b>Balance as at 31/03/2018</b>	<b>1,050.80</b>	<b>557.32</b>	<b>370.00</b>	<b>-</b>	<b>1,978.12</b>

PARTICULARS	EQUITY SHARE CAPITAL	RETAINED EARNINGS	SECURITIES PREMIUM	ACTUARIAL GAINS OR LOSSES	TOTAL EQUITY
Balance as at 1/4/2016	975.80	52.68	274.00	-	1,302.48
Shares issued during the year	75.00	-	-	-	75.00
Profit for the year	-	110.64	-	-	110.64
Additions during the year	-	-	96.00	-	96.00
Dividend paid (including dividend distribution and corporate dividend tax)	-	(12.65)	-	-	(12.65)
Net change in fair value of FVTPL investments and others	-	-	-	-	-
<b>Balance as at 31/03/2017</b>	<b>1,050.80</b>	<b>150.66</b>	<b>370.00</b>	<b>-</b>	<b>1,571.46</b>

Refer Note No. 2.28 First time Adoption Reconciliation of Equity and Other Comprehensive Income

# Standalone Cash Flow Statement

for the year ended March 31, 2018



(₹ in lakhs)

Particulars	As at 31.03.2018	As at 31.03.2017
<b>A. Cash Flow from Operating activities</b>		
Net Profit before tax as per Profit and loss account	633.94	183.17
<b>Adjustments</b>		
Depreciation and Amortisation Expense	31.94	22.57
Dividend and Interest Income	(228.30)	(22.72)
Finance Cost	174.99	188.96
Provision for doubtful debts/advances/ impairment		
Fair value adj for Investments	(5.11)	-
Operating profit before working capital changes	<b>607.45</b>	<b>371.99</b>
Movements in Working Capital		
(Increase)/Decrease in Trade and Other Receivables	(370.78)	(278.31)
(Increase)/Decrease in Inventories	(309.68)	521.59
Changes in Other Financial Assets	(260.40)	(26.84)
Changes in Other Current Assets	(181.52)	7.01
Increase/(Decrease) in Trade Payables	1,130.37	(481.02)
Increase/(Decrease) in Other Financial Liabilities	1.47	1.11
Increase/(Decrease) in Other Current Liab.	34.45	120.72
<b>Cash generated from Operations</b>	<b>651.36</b>	<b>236.25</b>
Direct Taxes paid	(63.09)	(23.44)
<b>Net Cash from Operating activities</b>	<b>588.27</b>	<b>212.81</b>
<b>B. Cash flow from Investing Activities</b>		
(Purchase) / Sale of Fixed Assets (Net)	(15.84)	(165.11)
Intangible assets under development	-	75.95
(Purchase) / Sale of Investments (Net)	(118.00)	(3.89)
Change in Other Financial Assets( Non current)	(43.28)	(41.55)
Changes in Long Term Loans & Advances	16.30	24.15
Changes in Other Non Current Assets	-	2.43
(Increase)/Decrease in Other Long Term Liab. / Long Term Prov.	-	-
Dividend and Interest Income received	228.30	22.72
<b>Net Cash from Investment Activities</b>	<b>67.48</b>	<b>(85.31)</b>
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from issue of Share Capital/ Share Application Money	-	27.00
Proceeds / (Repayment) from Long Term Borrowings	102.54	(41.80)
Proceeds / (Repayment) from Short Term Borrowings	(14.00)	23.00
Finance Cost	(174.99)	(188.96)
Dividend Paid	(52.54)	(12.65)
Dividend tax paid	(10.70)	-
<b>Net cash used in financing activities</b>	<b>(149.68)</b>	<b>(193.41)</b>
<b>Net (Decrease) / Increase in cash and cash equivalents</b>	<b>506.07</b>	<b>(65.91)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>(392.79)</b>	<b>(326.88)</b>
<b>Cash and Cash equivalents at the end of the year</b>	<b>113.28</b>	<b>(392.79)</b>

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard on "Cash Flow Statements".(Ind AS-7)
- The accompanying notes are an integral part of the financial statements.

As per our report of even date

For NSVR & Associates LLP,  
Chartered Accountants

F.R. No. : 008801S/S200060

Sd/-

**R. SRINIVASU**

Partner

M.No.224033

Place : Hyderabad

Date : 30-05-2018

for and on behalf of the Board of Directors

Sd/-

**V. Atchyuta Rama Raju**

Chairman & Managing Director

DIN : 00997493

Sd/-

**G. Siva**

Chief Financial Officer

Sd/-

**V. Rajam Raju**

Executive Director

DIN : 01314420

Sd/-

**M. Koti Bhaskara Teja**

Company Secretary



## NOTES TO STANDALONE FINANCIAL STATEMENTS

### DESCRIPTION OF THE COMPANY AND SIGNIFICANT ACCOUNTING POLICIES

#### A. General Information

Vama Industries Limited (the company) is engaged in the Engineering Design & Development Services, System Integration Projects, IT Infrastructure, Data Center Engineering Build and Facility Management Services. The Company is a public limited company incorporated and domiciled in India and has its registered office at S.R.Nagar, Hyderabad, Telangana. The Company has its primary listings on the Bombay Stock Exchange. The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### Basis of preparation and presentation of Financial Statements

The financial statements of Vama Industries Limited ("Vama" or "the Company") have been prepared and presented in accordance with the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. For all periods up to and including the year ended 31 March 2017, the Company prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013, read with Rule 7 of Companies (Accounts) Rules, 2014. These are the company's first annual financial statements prepared in accordance with Indian Accounting Standards (Ind AS). The Company has adopted all applicable standards and the adoption was carried out in accordance with Ind AS 101 – 'First Time Adoption of Indian Accounting Standards'. An explanation of how the transition to Ind AS has affected the reported financial position, financial performance and cash flows of the Company are provided in Note number 2.28 to 2.40 First Time Adoption.

#### Basis of Measurement

These financial statements have been prepared on the historical cost convention and on an accrual basis, except for the following material items in the balance sheet:

- ◆ Certain financial assets are measured either at fair value or at amortized cost depending on the classification;
- ◆ Long-term borrowings are measured at amortized cost using the effective interest rate method.

#### B. Use of estimates and judgements

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, the areas involving critical estimates or judgements are:

##### i) Depreciation and amortization

Depreciation and amortization is based on management estimates of the future useful lives of certain class of property, plant and equipment and intangible assets.

##### ii) Provision and contingencies

Provisions and contingencies are based on the Management's best estimate of the liabilities based on the facts known at the balance sheet date.

##### iii) Fair valuation

Fair value is the market based measurement of observable market transaction or available market information.

#### C. Functional and presentation currency

These financial statements are presented in Indian rupees, which is also the functional currency of the Company. All financial information presented in Indian rupees has been rounded to the nearest lakhs.



#### **D. Current and noncurrent classification**

All the assets and liabilities have been classified as current or noncurrent as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1, Presentation of financial statements.

**Assets:** An asset is classified as current when it satisfies any of the following criteria:

- It is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
- It is held primarily for the purpose of being traded;
- It is expected to be realized within twelve months after the reporting date; or
- It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

**Liabilities:** A liability is classified as current when it satisfies any of the following criteria:

- It is expected to be settled in the Company's normal operating cycle;
- It is held primarily for the purpose of being traded;
- It is due to be settled within twelve months after the reporting date; or
- The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current assets/ liabilities include the current portion of noncurrent assets/ liabilities respectively. All other assets/ liabilities are classified as noncurrent. Deferred tax assets and liabilities are always disclosed as non-current.

#### **E. Foreign Currency Transaction**

Transactions in foreign currencies are translated to the respective functional currencies of entities within the Company at exchange rates at the dates of the transactions. 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.

#### **Significant Accounting Policies**

##### **1) Property Plant & Equipment**

###### ***Transition to Ind AS***

The Company has elected to continue with the net carrying value of all its property, plant and equipment recognized as of April 1, 2016 (transition date) as per the previous GAAP and use that carrying value as its deemed cost.

###### ***Recognition and measurement***

Property, Plant and Equipment are stated at cost of acquisition less accumulated depreciation and impairment loss, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset i.e., freight, duties and taxes applicable and other expenses related to acquisition and installation.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses upon disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within in the statement of profit and loss.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of repairs and maintenance are recognized in the statement of profit and loss as incurred.

## **Depreciation**

Depreciation is recognized in the statement of profit and loss on a straight line basis over the estimated useful lives of property, plant and equipment based on Schedule II to the Companies Act, 2013 ("Schedule"), which prescribes the useful lives for various classes of tangible assets. For assets acquired or disposed off during the year, depreciation is provided on prorata basis. Land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted prospectively, if appropriate.

The estimated useful lives are as follows:

Type of Asset	Estimated useful life in years
Computers	3
Furniture & Fixtures	10
Air Conditioner	15
Electrical Fittings	10
Vehicles	8
Office Equipment	5

Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date is disclosed as capital advances under other noncurrent assets. Assets not ready for use are not depreciated.

## **2) Intangible assets**

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. The Intangible assets that are acquired by the Company and that have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

### **Amortization**

Amortization is recognized in the statement of profit and loss on a straight-line basis over the estimated useful lives of intangible assets or on any other basis that reflects the pattern in which the asset's future economic benefits are expected to be consumed by the entity. Intangible assets that are not available for use are amortized from the date they are available for use. The estimated useful lives are as follows:

Type of Asset	Estimated useful life
Intangible Assets	
Software	10

The amortization period and the amortization method for intangible assets with a finite useful life are reviewed at each reporting date.

## **3) Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### **Financial assets**

#### **Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into following categories:

- Financial Assets at amortised cost
- Financial Assets at fair value through other comprehensive income (FVTOCI)
- Financial Assets at fair value through profit or loss (FVTPL)
- Impairment of financial assets

#### **Financial Assets at amortised cost**

A Financial Asset is measured at the amortised cost if both the following conditions are met:

- o The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- o Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables.

#### **Financial Assets at FVTOCI**

A Financial Asset is classified as at the FVTOCI if both of the following criteria are met:

- o The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- o The asset's contractual cash flows represent SPPI.

Financial Assets included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified to the statement of profit and loss. Interest earned whilst holding FVTOCI is reported as interest income using the EIR method.

#### **Financial Assets at FVTPL**

FVTPL is a residual category for Financial Assets. Any asset, which does not meet the criteria for categorization as at amortised cost or as FVTOCI, is classified as at FVTPL. These include surplus funds invested in mutual funds.

### Investment in Mutual Funds

Mutual funds investment is in scope of Ind AS 109 are measured at fair value. For all other instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

An investment in Mutual funds is within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

### Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries and joint venture, the difference between net disposal proceeds and the carrying amounts are recognized in the statement of profit and loss.

Upon first-time adoption of Ind AS, the Company has elected to measure its investments in subsidiaries at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e., 1 April 2016.

### Retention Money

Retention money is amount retained by the client/ service receiver under an agreement where, money is not paid instantaneously. There will be a time loss of value of consideration which needs to be recognised by determining the fair value of revenue in accordance with Ind AS 18.

As per Ind AS 113 and 109 discounting of the retention money is required and recognised and designated as revenue or interest as Fair Value Through Profit & Loss (FVTPL).

### **Impairment of trade receivables**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18. Expected credit loss model takes into consideration the present value of all the cash shortfalls over the expected life of a financial instrument. In simple terms, it is weighted average of credit losses with the respective risks of default occurring as weights. The credit loss is the difference between all contractual cash flows that are due to an entity as per the contract and all the contractual cash flows that the entity expects to receive, discounted to the effective interest rate. The Standard presumes that entities would suffer credit loss even if the entity expects to be paid in full but later than when contractually due. In other words, it simply focuses on DELAYS in collection of receivables.

For the purpose of identifying the days of delay, the Company took into consideration the weighted average number of delays taking into consideration deviation of receivables turnover ratio from normal credit period.

### **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

### **Financial liabilities**

#### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts.

#### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

#### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

#### **Gains or losses on liabilities held for trading are recognised in the statement of profit and loss**

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risks are recognised in OCI. These gains/ losses are not subsequently transferred to the statement of profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss.

#### Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

### **4) Inventories**

Inventories consist of goods and are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average method. Cost includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of finished goods and work-in-progress, cost includes an appropriate share of overheads based on normal operating capacity. Stores and spares, that do not qualify to be recognised as property, plant and equipment, consists of packing materials, engineering spares (such as machinery spare parts) and consumables which are used in operating machines or consumed as indirect materials in the manufacturing process. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

### **5) Impairment of non-financial assets**

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, an impairment test is performed each year at March 31.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized in the statement of profit and loss if the estimated recoverable amount of an asset or its cash-generating unit is lower than its carrying amount. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

## 6) **Cash & Cash Equivalents**

Cash and bank balances comprise of cash balance in hand, in current accounts with banks, demand deposit, short-term deposits, Margin Money deposits and unclaimed dividend accounts. For this purpose, "short-term" means investments having maturity of three months or less from the date of investment. Bank overdrafts and Cash Credit that are repayable on demand and form an integral part of our cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. The Margin money deposits and unclaimed dividend balances shall be disclosed as restricted cash balances.

## 7) **Employee Benefits**

### ***Short term employee benefits***

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### ***Defined Contribution Plan***

The Company's contributions to defined contribution plans are charged to the statement of profit and loss as and when the services are received from the employees.

### ***Termination benefits***

Termination benefits are recognized as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

## 8) **Provisions, contingent liabilities and contingent assets**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

### ***Contingent liabilities***

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

### ***Contingent assets***

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

## 9) Revenue Recognition

### ***Sale of goods and services***

Revenue from sale of computer hardware is recognized on dispatch of the products from the company for delivery to the customers. Revenue from product sale is shown net of 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***

#### *Interest Income*

Interest Income mainly comprises of interest on Margin money deposit with banks relating to bank guarantee. Interest income should be recorded using the effective interest rate (EIR). However, the amount of margin money deposits relating to bank guarantee are purely current in nature, hence effective interest rate has not been applied. Interest is recognized using the time-proportion method, based on rates implicit in the transactions.

#### *Dividend*

Dividend income is recognized when the Company's right to receive dividend is established.

## 10) Borrowing Costs

Borrowing costs consist of interest, ancillary and other costs that the Company incurs in connection with the borrowing of funds and interest relating to other financial liabilities. Borrowing costs also include exchange differences to the extent regarded as an adjustment to the borrowing costs. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

## 11) Tax Expenses

Tax expense consists of current and deferred tax.

### ***Income Tax***

Income tax expense is recognized in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

### ***Deferred Tax***

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.



Dividend distribution tax arising out of payment of dividends to shareholders under the Indian Income tax regulations is not considered as tax expense for the Company and all such taxes are recognized in the statement of changes in equity as part of the associated dividend payment.

## **12) Earnings Per Share**

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

## **13) Trade receivables**

Trade receivables are initially recognized at fair value and subsequently measured at amortised cost using effective interest method, less provision for impairment.

## **14) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are presented as current liabilities unless payment is not due within twelve months after the reporting period. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

## **Determination of fair values**

The Company's accounting policies and disclosures require the determination of fair value, for certain financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

### **a. Property, plant and equipment**

Property, plant and equipment, if acquired in a business combination or through an exchange of non-monetary assets, is measured at fair value on the acquisition date. For this purpose, fair value is based on appraised market values and replacement cost.

### **b. Intangible assets**

The fair value of brands, technology related intangibles, and patents and trademarks acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of these brands, technology related intangibles, patents or trademarks being owned (the "relief of royalty method"). The fair value of customer related, product related and other intangibles acquired in a business combination has been determined using the multi-period excess earnings method after deduction of a fair return on other assets that are part of creating the related cash flows.

### **c. Inventories**

The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

### **d. Investments in equity and debt securities and units of mutual funds**

The fair value of marketable equity and debt securities is determined by reference to their quoted market price at the reporting date. For debt securities where quoted market prices are not available, fair value is determined using pricing techniques such as discounted cash flow analysis.



In respect of investments in mutual funds, the fair values represent net asset value as stated by the issuers of these mutual fund units in the published statements. Net asset values represent the price at which the issuer will issue further units in the mutual fund and the price at which issuers will redeem such units from the investors.

Accordingly, such net asset values are analogous to fair market value with respect to these investments, as transactions of these mutual funds are carried out at such prices between investors and the issuers of these units of mutual funds.

e. Derivatives

The fair value of foreign exchange forward contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds). The fair value of foreign currency option and swap contracts and interest rate swap contracts is determined based on the appropriate valuation techniques, considering the terms of the contract.

f. Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements. In respect of the Company's borrowings that have floating rates of interest, their fair value approximates carrying value.

## 2.01 : Property, plant and equipment (₹.in Lakhs)

Particulars	Gross carrying value			Accumulated depreciation / impairment				Net carrying value	
	As at 1 <sup>st</sup> April, 2017	Additions	Disposals	As at 31 <sup>st</sup> March, 2018	As at 1 <sup>st</sup> April, 2017	for the year	Impairment year	Disposals	As at 31 <sup>st</sup> March, 2018
Computer Software	10.67	14.00	-	24.67	1.48	1.41	-	-	21.78
Furniture & Fixtures	5.46	-	-	5.46	2.07	0.84	-	-	2.55
Air Conditioners	4.21	0.26	-	4.47	0.47	0.47	-	-	3.53
Electrical Fittings	3.18	-	-	3.18	0.63	0.44	-	-	2.11
Office Equipment	1.01	-	-	1.01	0.17	0.16	-	-	0.68
Vehicles	39.06	-	-	39.06	6.82	6.82	-	-	25.43
Land	209.25	-	-	209.25	-	-	-	-	209.25
<b>Total</b>	<b>272.84</b>	<b>14.26</b>	<b>-</b>	<b>287.10</b>	<b>11.64</b>	<b>10.13</b>	<b>-</b>	<b>-</b>	<b>265.33</b>
									<b>261.19</b>

Particulars	Gross carrying value			Accumulated depreciation / impairment				Net carrying value	
	Deemed As at 1 <sup>st</sup> April, 2016	Additions	Disposals	As at 31 <sup>st</sup> March, 2017	For the 1 <sup>st</sup> April, 2016	for the year	Impairment year	Disposals	As at 31 <sup>st</sup> March, 2017
Computer Software	9.38	1.29	-	10.67	-	1.48	-	-	9.19
Furniture & Fixtures	5.11	0.35	-	5.46	-	2.07	-	-	3.38
Air Conditioners	4.21	-	-	4.21	-	0.47	-	-	3.74
Electrical Fittings	3.18	-	-	3.18	-	0.63	-	-	2.55
Office Equipment	1.01	-	-	1.01	-	0.17	-	-	0.84
Vehicles	39.06	-	-	39.06	-	6.82	-	-	32.24
Land	166.95	42.30	-	209.25	-	-	-	-	209.25
<b>Total</b>	<b>228.90</b>	<b>43.94</b>	<b>-</b>	<b>272.84</b>	<b>-</b>	<b>11.64</b>	<b>-</b>	<b>-</b>	<b>261.19</b>
									<b>228.90</b>

## 2.02: Other Intangible assets

(₹.in Lakhs)

Particulars	Gross carrying value			Accumulated depreciation / impairment			Net carrying value		
	As at 1 <sup>st</sup> April, 2017	Additions	Disposals	As at 1 <sup>st</sup> April, 2017	For the year	Impairment for the year	Disposals	As at 31 March, 2018	As at 31 <sup>st</sup> March, 2017
Computer Software	321.99	1.58	-	151.29	21.81	-	-	173.10	170.70
<b>Total</b>	<b>321.99</b>	<b>1.58</b>	<b>-</b>	<b>151.29</b>	<b>21.81</b>	<b>-</b>	<b>-</b>	<b>173.10</b>	<b>170.70</b>

Particulars	Gross carrying value			Accumulated depreciation / impairment			Net carrying value		
	Deemed Cost As at 1 <sup>st</sup> April, 2016	Additions	Disposals	As at 1 <sup>st</sup> April, 2016	For the year	Impairment for the year	Disposals	As at 31 <sup>st</sup> March, 2017	As at 01 <sup>st</sup> April, 2016
Computer Software	200.82	121.17	-	140.37	10.92	-	-	151.29	60.46
<b>Total</b>	<b>200.82</b>	<b>121.17</b>	<b>-</b>	<b>140.37</b>	<b>10.92</b>	<b>-</b>	<b>-</b>	<b>151.29</b>	<b>60.46</b>

## 2.03 Investments

(₹.in Lakhs)

	31.03.2018	31.03. 2017	01.04.2016
<b>Investments in Equity instruments:</b>			
Investment in Subsidiary	3.90	3.89	-
Investment in Mutual Funds	123.11	-	-
	<b>127.01</b>	<b>3.89</b>	<b>-</b>

## 2.04 Other Financial assets

	31.03.2018	31.03. 2017	01.04.2016
<b>Deposits and others</b>			
Security Deposits	12.77	-	-
Electricity Deposit	0.96	0.96	0.96
Telephone deposit	0.25	0.25	0.25
Rental deposit	9.61	6.12	6.11
other Deposits	0.04	0.04	0.04
Retention money	156.48	129.47	87.92
	<b>180.12</b>	<b>136.84</b>	<b>95.28</b>

## 2.05 Long term Loans and Advances

	31.03.2018	31.03. 2017	01.04.2016
<b>(Unsecured, considered good)</b>			
Other Loans and advances	42.45	58.75	82.90
	<b>42.45</b>	<b>58.75</b>	<b>82.90</b>

## 2.06 Other non current assets

	31.03.2018	31.03. 2017	01.04.2016
<b>(Unsecured, considered good)</b>			
Other Deposits	-	-	2.44
Other Advancces	15.47	15.47	15.47
<b>Deposits with Statutory Authorities</b>			
TDS receivable	8.47	8.47	16.33
	<b>23.94</b>	<b>23.94</b>	<b>34.24</b>

## 2.07 Inventories

(₹ in lakhs)

	31.03.2018	31.03. 2017	01.04.2016
<b>(Valued at lower of cost or net realizable value)</b>			
Stock in Trade	799.64	489.95	1,011.54
	<b>799.64</b>	<b>489.95</b>	<b>1,011.54</b>

## 2.08 Trade Recivebles

	31.03.2018	31.03. 2017	01.04.2016
<b>(Unsecured, considered good)</b>			
Outstanding for a period exceeding six months from the date they are due for payment	190.57	310.49	-
Others	2,204.06	1,704.54	1,732.57
	<b>2,394.63</b>	<b>2,015.03</b>	<b>1,732.57</b>
<b>Breakup for Security Details</b>			
Unsecured, Considered Good	2,394.63	2,015.03	1,732.57
Less: Probability of Default and Provision for Impairment	104.30	95.48	91.32
	<b>2,290.33</b>	<b>1,919.55</b>	<b>1,641.24</b>
Current	2,290.33	1,919.55	1,641.24
Non Current	-	-	-
	<b>2,290.33</b>	<b>1,919.55</b>	<b>1,641.24</b>
Less: Provision for Doubtful debts	65.86	65.86	65.86
Less: Impairment due to Expected Credit loss model	38.44	29.62	25.47
	<b>104.30</b>	<b>95.48</b>	<b>91.32</b>
<b>Closing Balance</b>	<b>2,290.33</b>	<b>1,919.55</b>	<b>1,641.24</b>

### Movement of Impairment in Trade Receivables

Particulars	Amount
<b>As at 1st April, 2016</b>	<b>91.32</b>
Add: additional allowance of expected credit loss	4.15
<b>As at 1st April, 2017</b>	<b>95.48</b>
Add: additional allowance of expected credit loss	8.82
<b>As at March 31, 2018</b>	<b>104.30</b>

## 2.09 Cash and Bank Balances

(₹ in lakhs)

	31.03.2018	31.03. 2017	01.04.2016
<b>a) Cash and Cash equivalents</b>			
i) Cash on hand	5.05	3.11	2.04
ii) Balances with banks			
- Current Accounts	6.58	12.27	158.75
- Deposit Accounts	482.08	600.73	64.67
	<b>493.70</b>	<b>616.11</b>	<b>225.46</b>
<b>Cash and Cash equivalents includes</b>			
i) Unclaimed Dividend Account	2.29	2.19	2.57

### Cash and Cash Equivalents include the following for Cash flow purpose

Particulars	31.03.2018	31.03. 2017	01.04.2016
Cash and Cash Equivalents/ Bank Balances	493.70	616.11	225.46
Less: Cash credit to be classified as Cash and Cash Equivalents	(378.14)	(1,006.71)	(549.77)
Less: Unclaim dividend	(2.29)	(2.19)	(2.57)
<b>Cash and Cash Equivalents/ Bank Balances</b>	<b>113.27</b>	<b>(392.79)</b>	<b>(326.88)</b>

## 2.10 Other Financial assets

Particulars	31.03.2018	31.03. 2017	01.04.2016
Loans and Advances to related parties	230.33	15.90	-
Interest Accrued but not due on FDs	17.31	11.51	6.14
Security Deposits	-	9.10	20.50
Retention Money	98.62	49.35	32.38
	<b>346.26</b>	<b>85.86</b>	<b>59.02</b>

## 2.11 Other current assets

Particulars	31.03.2018	31.03. 2017	01.04.2016
Prepaid Expenses	99.57	29.70	10.94
Loans and Advances to Employees	91.99	42.18	81.08
Advance Tax	48.20	18.74	23.69
Advance to Suppliers	69.74	19.02	24.75
Other Advances	6.79	1.15	0.29
Service tax Input/ Vat Input / GST Input	2.60	26.59	3.63
	<b>318.89</b>	<b>137.37</b>	<b>144.38</b>

## 2.12 Share Capital

(₹ in lakhs)

			31.03.2018	31.03. 2017	01.04.2016		
<b>Authorized Share Capital</b> 55,000,000 Equity Shares of Rs.2 each (Previous year : 55,000,000 Equity Shares of Rs.2 each)  <b>Issued Subscribed and Paid up Share Capital</b> 52,540,000 Equity Shares of Rs. 2 each, fully paid up* 97,58,000 Equity Shares of Rs.10/- each, fully paidup*			1,100.00	1,100.00	1,100.00		
			1,050.80	1,050.80	975.80		
			1,050.80	1,050.80	975.80		
<b>Details of shareholders holding more than 5% shares :</b>		<b>No. of shares</b>	<b>% Holding</b>	<b>No. of shares</b>	<b>% Holding</b>	<b>No. of shares</b>	<b>% Holding</b>
1. V Atchyuta Rama Raju		1,25,55,120	23.90%	1,25,55,120	23.90%	22,11,024	22.66%
2. V Rajam Raju		58,02,500	11.04%	58,02,500	11.04%	11,60,500	11.89%
3. Anil Unni Krishnan		67,00,000	12.75%	67,00,000	12.75%	8,90,000	9.12%
4. Gottimukkala Achyuta Rama Raju		29,97,210	5.70%	29,97,210	5.70%	5,,99,442	6.14%
5. Nirant Technologies Private Limited **		-	-	-	-	5,00,000	5.12%

### 2.12.1 Reconciliation of Number of Shares :

	31.03.2018	31.03. 2017	01.04.2016
Number of Shares at the beginning of the year	105.08	97.58	82.38
Add : Shares issued during the year	-	7.50	15.00
<b>Number of Shares at the end of the year</b>	<b>105.08</b>	<b>105.08</b>	<b>97.58</b>

### 2.12.2 Rights attached to equity shares

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

### 2.12.3 In the period of five years immediately preceding March 31,2018:

"\* The Company has sub-divided the nominal value of equity share from Rs. 10/- to Rs. 2/- per share with effect from 03.11.2016 vide board resolution dated 20.10.2016. the said sub-division of equity shares is approved by the members in Annual General Meeting dt 26.09.2016.

\*\* Nirant Technologies Private Limited shareholding has been diluted from 5.12% to 4.76% as at 31.03.17 being equity shares are issued during the year on conversion of warrants."

## 2.13 Other Equity

(₹ in lakhs)

	31.03.2018	31.03. 2017	01.04.2016
<b>Seurities Premium</b>			
Opening Balance	370.00	274.00	24.00
Add: Premium on shares issued during the year	-	96.00	250.00
	<b>370.00</b>	<b>370.00</b>	<b>274.00</b>
<b>Retained Earnings</b>			
Opening Balance	150.66	52.68	31.21
Add: Net profit transferred from the Statement of Profit and Loss	469.90	110.64	25.11
	<b>620.56</b>	<b>163.31</b>	<b>56.32</b>
<b>Less: Appropriations</b>			
Dividend	52.54	12.65	3.65
Corporate Dividend Tax	10.70	-	-
	<b>63.24</b>	<b>12.65</b>	<b>3.65</b>
<b>Closing Balance</b>	<b>557.32</b>	<b>150.66</b>	<b>52.68</b>
<b>Total</b>	<b>927.32</b>	<b>520.66</b>	<b>326.68</b>

## 2.14 Long term Borrowings

	31.03.2018	31.03. 2017	01.04.2016
<b>Secured</b>			
Vehicle Loans from Banks	12.61	18.03	22.87
<b>Unsecured</b>			
Loan from Financial Institutions	161.90	53.95	90.90
<b>Total</b>	<b>174.51</b>	<b>71.97</b>	<b>113.77</b>

### Vehicle Loan from State Bank of India:

1. Secured by hypothecation of Vehicle purchased and repayable in 60 monthly installments of each Rs. 21,095/- commencing from March 2015, balance of installments being 21( rate of Interest: 9.55%)
2. Secured by hypothecation of Vehicle purchased and repayable in 84 monthly installments of each Rs. 18,670/- commencing from March 2015, balance of installments being 45( rate of Interest: 9.70%)
3. Secured by hypothecation of Vehicle purchased and repayable in 84 monthly installments of each Rs. 16,634/- commencing from September 2015, balance of installments being 53( rate of Interest: 9.55%)

### Unsecured Business Loans

#### Tata Capital Financial Services Limited

It is repayable in 24 monthly installments of Rs. 1,77,450/- each commencing from February 2017, balance of installments being 10 (Rate of Interest: 18.52%)

#### Religare Finvest Limited

It is repayable in 36 monthly installments of Rs. 1,46,665/- each commencing from March 2016, balance of installments being 11 (Rate of Interest: 19.02%)

#### Magma Fincorp Limited

It is repayable in 24 monthly installments of Rs. 2,52,119/- each commencing from January 2018, balance of installments being 21 (Rate of Interest: 18.75%)



#### **Edelwesiss Retail Finance Limited**

It is repayable in 24 monthly installments of Rs. 2,01,635/- each commencing from January 2018, balance of installments being 21 (Rate of Interest: 19.00%)

#### **Bajaj Finserv Limited**

It is repayable in 36 monthly installments of Rs. 92,556/- each commencing from March 2016, balance of installments being 11 (Rate of Interest: 19.00%)

#### **Bajaj Finserv Limited**

It is repayable in 24 monthly installments of Rs. 58,928/- each commencing from March 2017, balance of installments being 11 (Rate of Interest: 19.00%)

#### **Dewan Housing Finance Corporation Limited**

It is repayable in 24 monthly installments of Rs. 1,76,435/- each commencing from January 2018, balance of installments being 21 (Rate of Interest: 19.00%)

#### **Equitas Small Finance Bank Ltd**

It is repayable in 24 monthly installments of Rs. 1,51,230/- each commencing from February 2018, balance of installments being 22 (Rate of Interest: 19.00%)

#### **India Infoline Finance Limited**

It is repayable in 36 monthly installments of Rs. 1,83,280/- each commencing from January 2018, balance of installments being 33 (Rate of Interest: 19.00%)

#### **IVL Finance Limited**

It is repayable in 36 monthly installments of Rs. 1,83,280/- each commencing from January 2018, balance of installments being 33 (Rate of Interest: 19.00%)

#### **Religare Finvest Limited**

It is repayable in 24 monthly installments of Rs. 1,00,817/- each commencing from January 2018, balance of installments being 21 (Rate of Interest: 19.00%)

#### **Shriram City Union Finance Limited**

It is repayable in 24 monthly installments of Rs. 1,76,431/- each commencing from April 2018, balance of installments being 24 (Rate of Interest: 19.00%)

#### **Tata Capital Financial Services Limited**

It is repayable in 24 monthly installments of Rs. 1,00,574/- each commencing from February 2018, balance of installments being 22 (Rate of Interest: 18.75%)

### **2.15 Deferred tax liabilities**

(₹ in lakhs)

	<b>31.03.2018</b>	<b>31.03. 2017</b>	<b>01.04.2016</b>
Opening Balance	28.13	18.64	-
Add : On account of timing differences in Property, Plant and Equipment	(6.08)	9.48	(7.30)
Add : On account of Others	(1.29)	-	25.95
<b>Total</b>	<b>20.76</b>	<b>28.13</b>	<b>18.65</b>

## 2.16 Short term borrowings

(₹ in lakhs)

	31.03.2018	31.03. 2017	01.04.2016
Secured loans from Bank Loans Repayable on Demand Working Capital Loans from Banks	378.14	1,006.71	549.77
Unsecured Loans from related parties	9.00	23.00	-
	<b>387.14</b>	<b>1029.71</b>	<b>549.77</b>

### Cash Credit from State Bank of India

**Rate of Interest : 11.70%**

**Repayment:** Repayable On Demand

**Primary Security:** Hypothecation of stock and receivables of the company

**“Collateral Security :**

- 1) EM of Flat No. 401, 4th Floor, Plot No. 14 & 16, S No.93, 94 & 95 located at Madhura Nagar, Yousufguda, Hyderabad-38 belongs to Shri. V. Atchyutha Rama Raju.
- 2) EM of Office Premises No. 619, 6th Floor, Maker Chambers, V Premises Co-op Society Ltd., Plot No.221 of Back bay reclamation, Nariman Point, Mumbai - 400021 belongs to M/s Reliance Tea Private Limited.
- 3) EM of Plot No. 70, Survey No. 06, Situated at Izzat Nagar Village, Serilingampally Mandal, Ranga Reddy District, admeasuring 450 Sq. yards in the Name of Vama Industries Limited”

**“Personal Gaurantee:**

1. Shri V.Atchyuta Rama Raju, MD, S/o. Late V. Venkata Satynarayana Raju
2. Shri V. Rajam Raju, Director, S/o. Late V. Venkata Satynarayana Raju.
3. Smt. V. Parvathi, Guarantor, W/o. Sri V. Atchyuta Rama Raju
4. Corpoarte Gaurantee of M/s Reliance Tea Private Limited”

## 2.17 Trade payables

	31.03.2018	31.03. 2017	01.04.2016
Dues to Micro and Small Enterprises	-	-	-
<b>Dues to others</b>			
For Goods & Service	2,035.08	904.71	1,385.73
	<b>2,035.08</b>	<b>904.71</b>	<b>1,385.73</b>

**2.17.1 There are no transactions with Micro and Small enterprises, hence disclosures are not given as required under MSMED Act, 2006.**

## 2.18 Other Financial liabilities

	31.03.2018	31.03. 2017	01.04.2016
Unpaid Dividends	2.29	2.19	2.57
Expenses Payable	36.97	35.50	34.39
	<b>39.26</b>	<b>37.69</b>	<b>36.96</b>

# These figures do not include any amounts, due and outstanding, to be credited to Investor Education and Protection Fund

## 2.19 Short-term provisions

(₹ in lakhs)

	31.03.2018	31.03. 2017	01.04.2016
For Employee Benefits	-	-	-
Others			
Provision for Income tax	171.39	63.09	31.30
	<b>171.39</b>	<b>63.09</b>	<b>31.30</b>

## 2.20 Other Current liabilities

	31.03.2018	31.03. 2017	01.04.2016
Other payables			
Statutory Liabilities	43.66	122.77	19.72
<b>Current Maturities of Long term Debt</b>			
<b>Secured</b>			
Vehicle Loans from banks	5.12	4.62	4.17
<b>Unsecured</b>			
Loans from Financial Institutions	183.10	70.00	52.82
	<b>231.88</b>	<b>197.39</b>	<b>76.71</b>

## 2.21 Revenue from Operations

	31.03.2018	31.03.2017
<b>Sale of Products</b>		
Domestic	6,041.31	3,200.94
Export	-	383.87
	<b>6,041.31</b>	<b>3,584.81</b>
<b>Sale of Services</b>		
Domestic	527.67	331.30
Export	294.02	370.21
	821.69	701.51
	<b>6,863.00</b>	<b>4,286.32</b>
<b>Sale of Goods under Broad Head</b>		
	<b>31.03.2018</b>	<b>31.03.2017</b>
Computers & Peripherals / Software	6,041.31	3,584.81
	<b>6,041.31</b>	<b>3,584.81</b>

(₹ in lakhs)

Services rendered under Broad Heads		
	31.03.2018	31.03.2017
Annual Maintenance Contract Services	346.05	205.78
Consultancy Services	273.58	374.34
IT Engineering Services	202.06	121.39
	<b>821.69</b>	<b>701.51</b>

## 2.22 Other Income

	31.03.2018	31.03.2017
Interest on Fixed Deposits	29.73	6.63
Other Income	27.52	16.09
Dividend Income - Vama Technologies Pte. Ltd	176.17	-
	<b>233.41</b>	<b>22.72</b>

## 2.23 Purchase of Stock in Trade

	31.03.2018	31.03.2017
Purchase of Material	5,557.29	2,294.10
Transport Charges/ AMC Charges/ Labour Charges	399.86	355.79
	<b>5,957.15</b>	<b>2,649.89</b>

## 2.24 Change in inventories of Finished goods, Work in Progress and Stock in Trade

	31.03.2018	31.03.2017
Inventories at the end of the year		
Stock in Trade	799.64	489.95
Inventories at the beginning of the year		
Stock in Trade	489.95	1,011.54
	<b>309.68</b>	<b>(521.59)</b>

## 2.25 Employee Benefit Expenses

	31.03.2018	31.03.2017
Salaries and Wages	304.86	332.29
Director Remuneration	37.80	25.80
Contribution to Provident and other Funds	15.96	24.53
Staff Welfare Expenses	3.56	2.33
	<b>362.18</b>	<b>384.95</b>

## 2.26 Finance Costs

(₹ in lakhs)

	31.03.2018	31.03.2017
<b>Interest Expenses</b>		
Interest to Banks	132.22	121.88
Interest Expense - Others	26.91	28.87
<b>Other Borrowing Costs</b>		
Loan Processing Charges	0.12	17.95
<b>Other Finance Charges</b>		
Bank Charges	15.74	20.26
	<b>174.99</b>	<b>188.96</b>

## 2.27 Other Expenses

	31.03.2018	31.03.2017
Advertisement	3.17	2.02
Audit Fee	1.50	1.00
Business Promotion Exp.	1.66	9.47
Commission	0.41	25.48
Communication Expenses	5.35	6.14
Conveyance	8.66	9.27
Power and Fuel	12.40	10.39
Fees and taxes	7.78	8.53
Forex Fluctuations	32.42	21.29
Office & General Exp	10.42	11.35
Insurance	7.95	6.18
Legal and Professional exp.	60.86	42.44
Printing and stationery	2.20	1.57
Postage and Telegram	0.80	0.75
Rent	31.98	28.09
Repairs and Maintenance	1.86	3.24
STPI Service charges	0.55	0.55
Travelling Expenses	46.11	26.27
Vehicle Maintenance	0.65	0.69
Discount / Miscellaneous written off	0.33	139.04
Allowances for Impairment of Receivables	8.82	4.15
	<b>245.90</b>	<b>357.90</b>

## 2.28 First-time adoption of Ind AS

These financial statements, for the year ended 31st March 2018, are the first set of financial statements the Company has prepared in accordance with Indian Accounting Standards (Ind ASs). For periods up to and including the year ended 31st March 2017, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

The Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31st March 2018, together with the comparative period data as at and for the year ended 31st March 2017, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1st April 2016, i.e., the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1st April 2016 and the financial statements as at and for the year ended 31st March 2017.

### Exemptions Applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

The Company adopted not to measure any item of property, plant and equipment at its fair value at the Transition Date. Accordingly, on the transition date, the net carrying value of the property, plant and equipment and intangible assets shall be considered as deemed cost for Ind AS purposes.

The Company adopted to measure investments in subsidiaries at cost i.e., carrying value of the investments on the date of transition shall be considered as deemed cost for Ind AS purposes.

### Estimates

The estimates at 1st April 2016 and at 31st March 2017 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:

- FVTPL – Quoted Mutual Funds
- Impairment of financial assets based on expected credit loss model ("ECL model")
- FVTPL – Retention Money

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at 1st April 2016, the date of transition to Ind AS and as of 31st March 2017.

### Reconciliation of equity as previously reported under Previous GAAP and that computed under Ind AS

	Equity as at 31st March 2017	Equity as at 1st April 2016
Particulars	(Audited)	(Audited)
<b>Equity as per Previous GAAP</b>	<b>1,673.25</b>	<b>1,600.95</b>
De recognition of liability for proposed dividend	63.24	(3.65)
Impact of amortisation of borrowings at effective rate of interest	1.44	1.74
Impact on account of measuring financial assets at fair value	(43.86)	(35.30)
Impact on account of deferred Tax	(27.12)	(25.95)
Impairment of trade receivables due to expected credit loss model and probability of default	(95.48)	(91.32)
<b>Equity as per IND AS</b>	<b>1,571.47</b>	<b>1,446.48</b>

**Reconciliation between financial results as previously reported under  
Previous GAAP and Ind AS for the year ended 31 March 2017**

(₹ in lakhs)

	<b>Year ended 31st March 2017</b>
<b>Particulars</b>	<b>(Audited)</b>
Net profit as per Previous GAAP	124.82
Impact of amortiation of borrowings at effective rate of interest	(0.30)
Impact on account of measuring financial assets at fair value	(8.55)
Impact on account of deferred Tax	(1.18)
Impairment of trade receivables due to expected credit loss model and probability of default	(4.15)
<b>Net profit as per IND AS</b>	<b>110.64</b>
Other comprehensive Income (Net of Tax)	-
<b>Total Comprehensive Income under IND AS</b>	<b>110.64</b>

**Proposed dividend**

Under Indian GAAP, proposed dividends including dividend distribution tax are recognized as a liability in the period to which they relate, irrespective of when they are declared. Under Ind AS, proposed dividend is recognized as a liability in the period in which it is declared by the company (usually when approved by shareholders in a general meeting) or paid. Therefore, the liability of Rs.12.65 Lakhs for the year ended on 31st March 2016 recorded for dividend has been derecognized against retained earnings on 1st April 2016.

**FVTPL Financial assets**

Under Indian GAAP, the Company accounted for long term investments in quoted equity shares as investment measured at cost less provision for diminution other than temporary diminution in the value of investments, if any. Under Ind AS, the Company has designated such investments as FVTPL investments. Ind AS requires FVTPL investments to be measured at fair value. At the date of transition to Ind AS, difference between the instruments fair value and Indian GAAP carrying amount has been recognized as a separate component of equity, in the retained earnings.

**Deferred tax**

Indian GAAP requires deferred tax accounting using the statement of profit and loss approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

**Trade receivables**

Under Ind AS, impairment allowance has been determined based on Expected Loss model (ECL). Due to ECL model, the company impaired its trade receivable by Rs. 91.32 Lakhs (including probability of default of Rs.,65.86 Lakhs) on 1st April 2016 which has been eliminated against retained earnings. The company impaired its trade receivable by Rs. 95.48 Lakhs on 31st March 2017, (including probability of default of Rs.,65.86 Lakhs) such increase in impairment has been recognized in the profit the loss account for the year ended 31st March 17.

**Sale of goods and services**

Under Indian GAAP, revenue is recognised on dispatch, performance and accrual basis based on type of revenue. However, under Ind AS, in case of Service Contracts certain percentage is withheld by the principal as retention money for a period of time after the work has been completed. The time loss of value of consideration is determined and recognised at fair value through profit and loss. Thus sale of goods under Ind AS for the year ended 31st March 2017 has decreased by Rs. 8.55 Lakhs with a corresponding decrease in retention money receivable.

## 2.29 Auditors Remuneration

(₹ in lakhs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
a) Audit fees	1.00	0.92
b) Other charges		
Taxation matters	0.50	0.23
Certification fee	-	1.75
c) Reimbursement of out of pocket expenses	-	-
<b>TOTAL</b>	<b>1.50</b>	<b>2.90</b>

## 2.30 Earnings per Share

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Earnings</b>		
Profit attributable to equity holders	<b>469.90</b>	<b>110.64</b>
<b>Shares</b>		
Number of shares at the beginning of the year	5,25,40,000	4,87,90,000
Add: Equity shares issued	-	37,50,000
Less: Buy back of equity shares	-	-
Total number of equity shares outstanding at the end of the year	5,25,40,000	5,25,40,000
<b>Weighted average number of equity shares outstanding during the year – Basic</b>	<b>5,25,40,000</b>	<b>5,24,98,904</b>
Add: Weighted average number of equity shares arising out of outstanding stock options (net of the stock options forfeited) that have dilutive effect on the EPS	-	-
<b>Weighted average number of equity shares outstanding during the year – Diluted</b>	<b>5,25,40,000</b>	<b>5,24,98,904</b>
<b>Earnings per share of par value Rs.2/- – Basic (₹)</b>	<b>0.89</b>	<b>0.21</b>
<b>Earnings per share of par value Rs.2/- – Diluted (₹)</b>	<b>0.89</b>	<b>0.21</b>



## 2.31 Related Parties

**Subsidiary:** Vama Technologies Pte Ltd

In accordance with the provisions of Ind AS 24 “Related Party Disclosures” and the Companies Act, 2013, Company’s Directors, members of the Company’s Management Council and Company Secretary are considered as Key Management Personnel. List of related party of the Company is as below:

S.No.	Name of the Related Party	Nature of Relationship
1	V. Atchyuta Rama Raju	Key Managerial Personnel
2	V.Rajam Raju	Key Managerial Personnel
3	V.Parvathi	Relative of Key Managerial Personnel
4	Reliance Tea Pvt Ltd	* EDS
5	Vama Technologies Pte. Ltd	Subsidiary
6	Gottumukkala Achyuta Rama Raju	Relative of Key Managerial Personnel
7	Bangarraju Mudundi	Relative of Key Managerial Personnel
8	V Sarada	Relative of Key Managerial Personnel
9	M Krishna Veni	Relative of Key Managerial Personnel
10	Vegesna Pushpavathi	Relative of Key Managerial Personnel
11	Mohan Raju Indukuri	Relative of Key Managerial Personnel
12	Uma Vani Indukuri	Relative of Key Managerial Personnel
13	G. Siva	Chief Financial Officer
14	M K Bhaskara Teja	Company Secretary
* Entity over which the director is having significant influence		

### Related Party Transactions

(₹ in lakhs)

S.No.	Nature of Transaction	FY 2017-18					FY 2016-17				
		KMP	Relative of KMP	EDS	Subsidiary	Total	KMP	Relative of KMP	EDS	Subsidiary	Total
1	Directors Remuneration / Salary	52.44	2.28	-	-	54.72	51.94	2.28	-	-	54.22
2	Consultancy Service Income	-	-	-	91.96	91.96	-	-	-	248.83	248.83
3	Sales	-	-	-	-	-	-	-	-	383.87	383.87
4	Salary Advance	3.59	-	-	-	3.59	-	-	-	-	-
5	Dividend	18.36	4.20	-	-	22.56	3.52	0.84	-	-	4.36

### Balance with Related Parties

S.No.	Nature of Transaction	FY 2017-18					FY 2016-17				
		KMP	Relative of KMP	EDS	Subsidiary	Total	KMP	Relative of KMP	EDS	Subsidiary	Total
1	Rent Deposit	-	-	-	15.47	15.47	-	-	15.47	-	15.47
2	Salary Advances	3.59	-	-	-	3.59	-	-	-	-	-
3	Expenses payable	-	-	-	-	-	2.00	-	-	-	2.00
4	Unsecured Loan	9.00	-	-	-	9.00	23.00	-	-	-	23.00
5	Loans & Advances	-	5.00	0.25	230.33	235.58	-	-	0.25	15.90	16.15
6	Investments	-	-	-	3.90	3.90	-	-	-	3.89	3.89
7	Trade receivables	-	6.38	-	-	6.38	-	-	-	32.24	32.24

**Transactions with related parties during the year**

(₹ in lakhs)

S.No.	Particulars	FY 2017-18	FY 2016-17
<b>1</b>	<b>Remuneration / Salary</b>		
	V. Atchyuta Rama Raju	19.80	19.80
	V.Rajam Raju	18.00	18.00
	V.Parvathi	2.28	2.28
	G. Siva	8.64	8.64
	M K Bhaskara Teja	6.00	1.90
<b>2</b>	<b>Consultancy Service Income</b>		
	Vama Technologies Pte. Ltd	91.96	248.82
<b>3</b>	<b>Sales</b>		
	Vama Technologies Pte. Ltd	-	383.87
<b>4</b>	<b>Salary Advances</b>		
	G. Siva	3.59	-
<b>5</b>	<b>Dividend</b>		
	V Atchyuta Rama Raju	12.56	2.36
	V Rajam Raju	5.80	1.16
	Gottumukkala Achyuta Rama Raju	3.00	0.60
	Bangarraju Mudundi	0.09	0.02
	Parvathi Vegesna	0.77	0.15
	V Sarada	0.09	0.02
	M Krishna Veni	0.08	0.02
	Vegesna Pushpavathi	0.07	0.01
	Mohan Raju Indukuri	0.05	0.01
	Uma Vani Indukuri	0.05	0.01
<b>6</b>	<b>Rent Deposit</b>		
	Reliance Tea Pvt Ltd	15.47	15.47
<b>7</b>	<b>Expenses payable</b>		
	G. Siva	-	2.00
<b>8</b>	<b>Unsecured Loan</b>		
	V. Atchyuta Rama Raju	-	14.00
	V.Rajam Raju	9.00	9.00
<b>9</b>	<b>Loans &amp; Advances</b>		
	Vama Technologies Pte. Ltd	230.33	15.90
	Reliance Tea Pvt Ltd	0.25	0.25
	Asha Lube Solutions Pvt Ltd	5.00	-
<b>10</b>	<b>Investments</b>		
	Vama Technologies Pte. Ltd	3.90	3.89
<b>11</b>	<b>Trade receivables</b>		
	Vama Technologies Pte. Ltd	-	32.24
	Asha Automine Pvt Ltd	6.38	-

## 2.32 Earnings/expenditure in foreign currency:

(₹ in lakhs)

### Expenditure in Foreign currency:

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Travel Expenses	3.94	8.95
Reimbursement of expense	9.83	25.48
Purchase Import	1,134.98	338.20
Bank Charges	0.87	0.60
<b>Total</b>	<b>1149.62</b>	<b>373.23</b>

### Earnings in Foreign currency:

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Engineering Services	202.06	121.39
Consultancy Services	91.96	248.82
Sale of Products	-	383.87
<b>Total</b>	<b>294.02</b>	<b>754.08</b>

## 2.33 Segment Reporting

The Company concluded that there is only one operating segment i.e., IT related services. Hence, the same becomes the reportable segment for the Company. Accordingly, the Company has only one operating and reportable segment, the disclosure requirements specified in paragraphs 22 to 30 are not applicable. Accordingly, the Company shall present entity-wide disclosures enumerated in paragraphs 32, 33 and 34 of Ind AS 108.

## 2.34 Employee benefits

### Contribution to Provident Fund

The employees of the Company receive benefits from a provident fund, a defined contribution plan. Both the employee and employer each make monthly contributions to a government administered fund equal to 12% of the covered employee's qualifying salary. The Company has no further obligations under the plan beyond its monthly contributions. The Company contributed Rs.13.06 Lakhs and Rs.21.52 Lakhs to the provident fund plan during the years ended 31st March 2018 and 2017, respectively.

## 2.35 Income Taxes

### a. Income tax expense/ (benefit) recognized in the statement of profit and loss:

Income tax expense/ (benefit) recognized in the statement of profit and loss consists of the following:

Particulars	For the Year Ended 31st March	
	2018	2017
<i>Current taxes expense</i>		
Domestic	171.41	63.05
<i>Deferred taxes expense/(benefit)</i>		
Domestic	(7.37)	9.48
<b>Total income tax expense/(benefit) recognized in the statement of profit and loss</b>	<b>164.04</b>	<b>72.53</b>

**b. Income tax expense/ (benefit) recognized directly in equity:**

(₹ in lakhs)

Income tax expense/ (benefit) recognized directly in equity consist of the following:

Particulars	For the Year Ended 31st March	
	2018	2017
Tax effect on actuarial gains/losses on defined benefit obligations	-	-
Total income tax expense/(benefit) recognized in the equity	-	-

**c. Reconciliation of Effective tax rate:**

Particulars	For the Year Ended 31st March	
	2018	2017
Profit before income taxes	633.94	183.18
Enacted tax rate in India	33.06%	33.06%
Computed expected tax	209.60	60.56
Effect of:		
Expenses not deductible for Tax purposes	25.28	18.13
Expenses deductible for Tax purposes	(82.89)	(15.64)
Taxable at Special Rates	19.42	-
Income tax	171.41	63.05
Effective tax rate	27.04%	34.42%

The Company's average effective tax rate for the years ended March 31, 2018 and 2017 were 27.04% and 34.42%, respectively.

**d. Deferred tax assets & Liabilities:**

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities and a description of the items that created these differences is given below:

Particulars	For the Year Ended 31st March	
	2018	2017
Deferred tax assets/(liabilities):		
Property, plant and equipment	22.04	28.13
Others	(1.29)	-
Net deferred tax assets/(liabilities)	20.76	28.13

**e. Movement in deferred tax assets and liabilities during the year ended 31st March 2018 & 2017:**

Particulars	As at 1 April 2016	Recognized in statement of profit and loss	Recognized in equity	As at 31 March 2017
Deferred tax assets/(liabilities)				
Property, plant and equipment	18.65	9.48	-	28.13
Net deferred tax assets/(liabilities)	18.65	9.48	-	28.13

[Continued from above table, first column(s) repeated]

(₹ in lakhs)

Particulars	As at 1 April 2017	Recognized in statement of profit and loss	Recognized in equity	As at 31 March 2017
<b>Deferred tax assets/(liabilities)</b>				
Property, plant and equipment	28.13	(6.08)	-	22.04
Others		(1.29)	-	(1.29)
<b>Net deferred tax assets/(liabilities)</b>	<b>28.13</b>	<b>(7.37)</b>	<b>-</b>	<b>20.76</b>

### 2.36 Investments

Investments consist of investments in mutual fund measured at Fair value through Profit & Loss Account, Investment in subsidiaries measured at cost.

The details of such Investments in Mutual Funds as of 31st March 2018 are as follows:

Particulars	Cost	Gain recognized directly in equity	Gain recognized directly in profit and loss Account	Fare Value
<b>Non-current Investments</b>				
Investment in Mutual Funds	118.00	-	5.11	123.11
<b>Total</b>	<b>118.00</b>	<b>-</b>	<b>5.11</b>	<b>123.11</b>

### 2.37 Retention Money

Retention money is amount retained by the client/ service receiver under an agreement where, money is not paid instantaneously. There will be a time loss of value of consideration which needs to be recognised by determining the fair value of revenue in accordance with Ind AS 18.

As per Ind AS 113 and 109 discounting of the retention money is required and recognised and designated as revenue or interest as Fair Value Through Profit & Loss (FVTPL).

The details of Retention Money as of 31st March 2017 are as follows:

Particulars	As at 1 April 2016	Recognized in statement of profit and loss	Recognized in Equity	As at 31 March 2017
Adjusted as on 01.04.2016	(35.30)	-	-	<b>(35.30)</b>
Sale recognition or reversal		(22.57)	-	<b>(22.57)</b>
Interest income or reversal		14.01	-	<b>14.01</b>
<b>Net Adjustment during the year</b>				<b>(43.86)</b>

The details of Retention Money as of 31st March 2018 are as follows:

(₹ in lakhs)

Particulars	As at 1 April 2017	Recognized in statement of profit and loss	Recognized in equity	As at 31 March 2017
<b>Opening as on 31.03.2017</b>	<b>(43.86)</b>	-	-	<b>(43.86)</b>
Sale recognition or reversal		(33.46)	-	(33.46)
Interest income or reversal		22.41	-	22.41
<b>Net Adjustment during the year</b>				<b>(54.90)</b>

### 2.38 Financial Instruments:

Set out below, is a comparison by class of the carrying amounts and fair value of the financial instruments, other than those with carrying amounts that are reasonable approximations of fair values

Particulars	Carrying value			Fair value		
	Mar-18	Mar-17	Apr-16	Mar-18	Mar-17	Apr-16
<b>Financial assets</b>						
Cash and cash equivalents	493.70	616.11	225.46	493.70	616.11	225.46
Investments	121.90	3.89	-	127.00	3.89	-
Trade receivables	2,394.63	2,015.03	1,732.57	2,290.33	1,919.55	1,641.24
Other financial assets	581.27	266.56	189.61	526.37	222.70	154.31
<b>Total</b>	<b>3,097.80</b>	<b>2,901.59</b>	<b>2,147.64</b>	<b>2,943.70</b>	<b>2,762.25</b>	<b>2,021.01</b>
<b>Financial liabilities</b>						
Borrowings	568.09	1103.13	665.29	561.65	1101.69	663.54
Trade payables	2,035.08	9,04.71	1,385.73	2,035.08	904.71	1,385.73
Other financial liabilities	39.26	37.69	36.96	39.26	37.69	36.96
<b>Total</b>	<b>2,642.43</b>	<b>2,045.53</b>	<b>2,087.98</b>	<b>2,635.99</b>	<b>2,044.09</b>	<b>2,086.23</b>

### 2.39 Financial Risk Management:

The Company's activities expose it to a variety of financial risks, including credit risk, liquidity risk and Market risk. The Company's risk management assessment and policies and processes are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board of Directors, risk management committee and the Audit Committee is responsible for overseeing the Company's risk assessment and management policies and processes.

#### a. Credit Risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of expected losses in respect of trade and other receivables and investments.

Trade Receivables-The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The total trade and other receivables impairment loss is provided Rs.38.44 as at 31 March 2018 and Rs.29.62 at 31st March 2017.

On account of adoption of Ind AS 109, the Company uses Expected Credit Loss (ECL) model for assessing the impairment loss. For this purpose, the Company took into consideration the weighted average number of delays taking into consideration deviation of receivables turnover ratio from normal credit period.

The credit loss is the difference between all contractual cash flows that are due to an entity as per the contract and all the contractual cash flows that the entity expects to receive, discounted to the effective interest rate.

Financial assets that are neither past due nor impaired - None of the Company's cash equivalents, including deposits with banks, were past due or impaired as at 31 March 2018.

Reconciliation of allowance for credit losses

The details of changes in allowance for credit losses during the year ended 31 March 2018 and 31 March 2017 are as follows:

(₹ in lakhs)

	For the Year Ended 31 March	
	2018	2017
<b>Balance at the beginning of the year</b>	<b>29.62</b>	<b>25.46</b>
Impairment of Trade receivables	8.82	4.15
<b>Balance at the end of the year</b>	<b>38.44</b>	<b>29.62</b>

#### **Liquidity Risks:**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation.

As of 31 March 2018 and 2017, the Company had unutilized credit limits from banks of fund based limits of Rs., 3.72 and NIL respectively.

As of 31 March 2018, the Company had working capital (current assets less current liabilities) of Rs.1384.07 Lakhs including cash and cash equivalents of Rs. 493.70 Lakhs and investments in FVTPL financial assets of Rs.123.11 Lakhs. As of 31 March 2017, the Company had working capital of Rs.1016.25 Lakhs, including cash and cash equivalents of Rs. 616.11 Lakhs.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2018:

Particulars	2019	2020	2021	2022	Thereafter	Total
Trade payables	2035.08	-	-	-	-	2035.08
Long term borrowings#	190.29	134.50	33.92	3.44	0.59	362.73
Bank overdraft, short-term loans and borrowings*	387.14	-	-	-	-	387.14
Other liabilities*	39.26	-	-	-	-	39.26

\* The Bank Overdraft and other liabilities are payable on demand.

#Long term borrowings include current maturities of long term debt



### Market Risks:

Market risk is the risk that changes in market prices such as commodity prices risk, foreign exchange rates and interest rates which will affect the Company's financial position. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables.

### Currency Risk

The Company is exposed to currency risk on account of its borrowings and other payables in foreign currency. The functional currency of the Company is Indian Rupee. The company mitigates the currency risk with natural hedge arising on export of goods and services.

## CAPITAL MANAGEMENT

The Company's objective for capital management is to maximize shareholder wealth, safeguard business continuity and support the growth of the Company. The Company determines the capital management requirement based on annual operating plans and long term and other strategic investment plans. The funding requirements are met through equity, borrowings and operating cash flows required.

The company's Debt Equity ratio is as follows:

(₹ in lakhs)

Particulars	31.03.2018	31.03.2017
Total Debt	3,060.02	2,332.70
Total Equity	1,978.12	1,571.46
Debt Equity Ratio	1.55:1	1.48:1

### 2.40 Contingent Liabilities and Commitments:

The following are the details of contingent liabilities and commitments:

Particulars	31.03.2018	31.03.2017
Contingent Liabilities		
a) Claims against the company/disputed liabilities not acknowledged as debts		
Income Tax	-	-
b) Guarantees		
Bank Guarantees	13.79	10.13
<b>Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for	2.42	2.42



# **Consolidated Financials**

## To the members of Vama Industries Limited

### Report on the Consolidated Financial Statements

We were engaged to audit the accompanying consolidated financial statements of Vama Industries Limited (hereinafter referred to as "the Parent") and its subsidiary (the Parent and its subsidiary together referred to as "the Group"), comprising the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

### Disclaimer of Opinion

We do not express an opinion on the Consolidated Financial Statements of the Company because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report. We have not been able to obtain sufficient and appropriate audit evidence with regard to financial statements of subsidiary as the Auditor of Subsidiary has given Disclaimer Opinion on the subsidiary financial statements which restricts us to form a basis for expressing an audit opinion on these Consolidated Financial Statements.

### Basis for Disclaimer of Opinion

The Parent has a Subsidiary, Vama Technologies Pte. Ltd., in Singapore. With regard to the financial statements of the subsidiary company, the auditors of the Subsidiary have expressed the disclaimer of opinion citing the following:

*The company's trade receivables include a sum of US\$ 516,813 due from two customers that has been long overdue at the year end. However, the management is confident of recovery of the said amount in full if given time and no allowances for impairment were made. We were unable to obtain sufficient appropriate audit evidence to convince our-self for the recoverability of the said receivables. Hence, we are unable to determine the effect of any adjustment that may be required in relation to the recoverability of the said amount of trade receivables.*

In view of the disclaimer of opinion by the auditors of the subsidiary company in relation to the recoverability of said amount of trade receivables, we are unable to determine the consequent effect of disclaimer that may be required on Consolidated Financial Statements.

### Management's Responsibility for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group, for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Parent, as aforesaid.

### Auditor's Responsibility

Our responsibility is to conduct an audit of the Group's Consolidated Financial Statements in accordance with the Standards of Auditing to issue an Auditor's Report. However because of the matters described in Basis for Disclaimer of Opinion section of our report, we are not able to obtain sufficient and appropriate audit evidence with regard to audit of the Subsidiary as the Auditor of Subsidiary has given disclaimer opinion

which restricts us to provide a basis for forming an opinion on these Consolidated Financial Statements.

We are independent of the Group in accordance with the Ethical requirements that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Other Matters

We did not audit the financial information of subsidiary included in the consolidated financial statements, whose financial information reflect total assets of Rs., 375.32 lakhs as at March 31, 2018, total revenues of Rs. 3583.52 lakhs, total net profit after tax of Rs., 94.49 lakhs, total comprehensive income of Rs., NIL lakhs and net cash inflows amounting to Rs., 43.66 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial information has been audited by other auditors whose reports have been furnished to us and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors.

Our responsibility is to conduct an audit of the Group's Consolidated Financial Statements in accordance with the Standards of Auditing to issue an Auditor's Report. However, because of the matters described in Basis for Disclaimer of Opinion section of our report, we are not able to obtain sufficient and appropriate audit evidence with regard to financial statements of subsidiary as the Auditor of subsidiary has given Disclaimer opinion which restricts us to form a basis for expressing an opinion on these Consolidated Financial Statements.

Our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management..

### Report on Other Legal and Regulatory Requirements

1) As required by Section 143(3) of the Act, based on our audit we report to the extent applicable that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b) In our opinion, except for the effect of the matters described in the Basis for Disclaimer Opinion paragraph above, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c) Except for the matter described in the Basis for Disclaimer Opinion paragraph above, the reports on the accounts of its subsidiary, are audited by the other auditors under generally accepted auditing standards applicable in their respective countries have been sent to us by the other auditors and have been properly dealt with in preparing this report.
- d) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- e) In our opinion, except for the effect of the matters described in the Basis for Disclaimer Opinion paragraph above, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- f) The matters described in the Basis for Disclaimer Opinion paragraph above, in our opinion, may have an unfavorable effect on the Group.
- g) On the basis of the written representations received from the directors of the Parent as on March 31, 2018 taken on record by the Board of Directors of the Parent, none of the directors of the parent is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

- h) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”, which is based on the auditors’ reports of the Parent. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Parent’s internal financial controls over financial reporting.
- i) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditor’s) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. Except for the possible effect of the matter described in sub-paragraph (b) of the Basis of Qualified Opinion above, the Company has no pending litigations on its consolidated financial position in its consolidated financial statements;
- ii. Except for the possible effect of the matter described in sub-paragraph (b) of the Basis of Qualified Opinion above, provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent.

**For NSVR & ASSOCIATES LLP**  
Chartered Accountants  
Firm Reg No. 008801S/S200060

Sd/-  
**R.Srinivasu**  
Partner  
M.No.224033

Place : Hyderabad  
Date : 30.05.2018

# Annexure - A to the Independent Auditors' Report



## ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act").

In conjunction with our audit of the consolidated financial statements of the Group as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of Vama Industries Limited (hereinafter referred to as "Parent"), which is incorporated in India, as of that date.

### Management's Responsibility for Internal Financial Controls

The Board of Directors of the Parent, which is incorporated in India, is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the parent considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Parent's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Parent's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the

Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Parent's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion to the best of our information and according to the explanations given to us, the Parent, which is incorporated in India, has, in all material respects, an adequate internal financial controls

system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

### **Other Matters**

The Group's internal control system for recovery of dues from the customers the credit period, periodical confirmations and reconciliation of customer accounts needs to be strengthened further.

### **For NSVR & ASSOCIATES LLP**

Chartered Accountants  
Firm Reg No. 008801S/S200060

Sd/-

**R.Srinivasu**  
Partner  
M.No.224033

Place : Hyderabad  
Date : 30.05.2018



# Consolidated Balance Sheet

as at March 31, 2018



(₹ in lakhs)

Particulars	Note No.	As at 31.03.2018	As at 31.03.2017	As at 01.04.2016
<b>ASSETS</b>				
Non-current assets				
Property plant and Equipment	2.01	265.33	261.20	228.90
Intangible assets	2.02	150.47	170.70	60.46
Intangible Assets under Development		-	-	75.95
Financial assets				
Investments	2.03	123.11	-	-
Other financial assets	2.04	182.99	186.18	95.28
Long Term Loans and Advances	2.05	42.45	58.75	82.90
Other non current assets	2.06	23.94	23.94	34.24
		<b>788.29</b>	<b>700.77</b>	<b>577.71</b>
<b>Current assets</b>				
Inventories	2.07	799.64	3,316.11	1,011.54
Financial assets				
Trade receivables	2.08	2,648.30	3,253.92	1,641.24
Cash and cash equivalent	2.09	508.21	674.28	225.46
Other financial assets	2.10	207.92	65.63	140.10
Other current assets	2.11	226.89	201.29	63.30
		<b>4,390.96</b>	<b>7,511.23</b>	<b>3,081.65</b>
		<b>5,179.25</b>	<b>8,212.00</b>	<b>3,659.36</b>
<b>EQUITY AND LIABILITIES</b>				
Equity				
Equity Share Capital	2.12	1,050.80	1,050.80	975.80
Other Equity	2.13	1,028.13	687.26	326.68
Money received against warrants				144.00
		<b>2,078.93</b>	<b>1,738.06</b>	<b>1,446.48</b>
<b>Liabilities</b>				
Non-current liabilities				
Financial Liabilities				
Borrowings	2.14	174.51	71.97	113.77
Deferred tax liabilities (net)	2.15	32.25	42.90	18.64
Other non-current liabilities		-	-	-
		<b>206.76</b>	<b>114.87</b>	<b>132.41</b>
<b>Current liabilities</b>				
Financial Liabilities				
Borrowings	2.16	387.14	1,029.71	549.77
Trade payables	2.17	2,053.32	5,007.29	1,385.73
Other financial liabilities	2.18	43.11	41.29	36.96
<b>Liabilities for current tax (net)</b>				
<b>Provisions</b>	2.19	178.12	83.39	31.30
<b>Other current liabilities</b>	2.20	231.87	197.39	76.71
		<b>2,893.56</b>	<b>6,359.07</b>	<b>2,080.47</b>
		<b>5,179.25</b>	<b>8,212.00</b>	<b>3,659.36</b>
<b>TOTAL</b>				

The accompanying Significant accounting policies and notes form an integral part of the Standalone financial statements.

**As per our report of even date**

**For NSVR & Associates LLP,**

Chartered Accountants

F.R. No. : 008801S/S200060

Sd/-

**R. SRINIVASU**

Partner

M.No.224033

Place : Hyderabad

Date : 30-05-2018

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

Sd/-

**V. Atchyuta Rama Raju**

Executive Chairman & Managing Director

(DIN : 00997493)

Sd/-

**G. Siva**

Chief Financial Officer

Sd/-

**V. Rajam Raju**

Executive Director

(DIN : 01314420)

Sd/-

**M. Koti Bhaskara Teja**

Company Secretary



# Consolidated Profit and Loss Statement

for the year ended March 31, 2018



(₹ in lakhs)

Particulars	Note No.	As at 31.03.2018	As at 31.03.2017
<b>Income</b>			
Revenue from operations	2.21	10,354.59	6,112.09
Other income	2.22	69.79	23.30
<b>Total Revenue</b>		<b>10,424.38</b>	<b>6,135.39</b>
<b>Expenses</b>			
Cost of materials consumed	2.23	6,486.81	7,095.94
Changes in inventories	2.24	2,532.27	(2,304.57)
Employee benefits expense	2.25	362.18	384.95
Finance costs	2.26	185.12	190.16
Depreciation and amortization expense	2.01	31.94	22.57
Other expenses	2.27	254.48	361.49
<b>Total Expenses</b>		<b>9,852.80</b>	<b>5,750.55</b>
<b>Profit before tax</b>		<b>571.58</b>	<b>384.84</b>
<b>Tax expense</b>			
(1) Current tax		178.12	83.35
(2) Deferred tax		(10.66)	24.26
<b>Profit for the year</b>		<b>404.12</b>	<b>277.23</b>
<b>Other comprehensive income (OCI)</b>			
Items that will not be reclassified to profit or loss		-	-
Tax on items that will not be reclassified to profit or loss		-	-
<b>Items that will be reclassified to profit or loss:</b>			
Tax on items that may be reclassified to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
<b>Total other comprehensive income/(loss) for the year, net of tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>404.12</b>	<b>277.23</b>
<b>Earnings per share:</b>			
Basic earnings per share of Rs. 2/-each		0.77	0.53
Diluted earnings per share of Rs. 2/- each		0.77	0.53

The accompanying Significant accounting policies and notes form an integral part of the Standalone financial statements.

**As per our report of even date**  
**For NSVR & Associates LLP,**  
Chartered Accountants  
F.R. No. : 008801S/S200060  
Sd/-  
**R. SRINIVASU**  
Partner  
M.No.224033  
Place : Hyderabad  
Date : 30-05-2018

**for and on behalf of the Board of Directors**  
Sd/-  
**V. Atchyuta Rama Raju**  
Chairman & Managing Director  
DIN : 00997493  
Sd/-  
**G. Siva**  
Chief Financial Officer

Sd/-  
**V. Rajam Raju**  
Executive Director  
DIN : 01314420  
Sd/-  
**M. Koti Bhaskara Teja**  
Company Secretary

**Statement of changes in equity for the period ended 31.03.2018**  
**Name of the company : Vama Industries Limited**

(₹ in lakhs)

PARTICULARS	EQUITY SHARE CAPITAL	RETAINED EARNINGS	SECURITIES PREMIUM	ACTUARIAL GAINS OR LOSSES	TOTAL EQUITY
Balance as at 1/4/2017	1,050.80	317.26	370.00	-	1,738.06
Profit for the year	-	404.12	-	-	404.12
Additions during the year	-	-	-	-	-
Dividend paid	-	(52.54)	-	-	(52.54)
Corporate Dividend Tax	-	(10.70)	-	-	(10.70)
Net change in fair value of FVTPL investments and others	-	-	-	-	-
<b>Balance as at 31/03/2018</b>	<b>1,050.80</b>	<b>658.13</b>	<b>370.00</b>	<b>-</b>	<b>2-078.93</b>

PARTICULARS	EQUITY SHARE CAPITAL	RETAINED EARNINGS	SECURITIES PREMIUM	ACTUARIAL GAINS OR LOSSES	TOTAL EQUITY
Balance as at 1/4/2016	975.80	52.68	274.00	-	1,302.48
Shares issued during the year	75.00	-	-	-	75.00
Premium on shares issued during the year	-	-	96.00	-	96.00
Profit for the year	-	277.23	-	-	277.23
Additions during the year	-	-	-	-	-
Dividend paid (including dividend distribution and corporate dividend tax)	-	(12.65)	-	-	(12.65)
Net change in fair value of FVTPL investments and others	-	-	-	-	-
<b>Balance as at 31/03/2017</b>	<b>1,050.80</b>	<b>317.26</b>	<b>370.00</b>	<b>-</b>	<b>1-738.06</b>

**Refer Note No. 2.28 First time Adoption Reconciliation of Equity and Other Comprehensive Income**

# Consolidated Cash Flow Statement

for the year ended March 31, 2018



Particulars	(₹ in lakhs)	
	As at 31.03.2018	As at 31.03.2017
<b>A. Cash Flow from Operating activities</b>		
Net profit before tax	571.58	384.84
<b>Adjustments for :</b>		
Depreciation and amortization expense	31.94	22.57
Gain on Investments carried at fair value through profit & loss	(5.11)	-
Finance Costs	185.12	190.16
Interest on Fixed Deposits and other Income	(29.73)	(8.69)
Provision for Doubtful debts / advances / impairment	8.82	4.15
Other Comprehensive Income (net of tax)	-	-
<b>Operating profit before working capital changes</b>	<b>762.63</b>	<b>593.03</b>
Movements in Working Capital		
(Increase)/Decrease in Trade Receivables	596.80	(1,616.83)
(Increase)/Decrease in Other financial assets	(142.29)	74.47
(Increase)/Decrease in Inventories	2,516.47	(2,304.57)
(Increase)/Decrease in Other Current Assets	(25.60)	(137.99)
Increase/(Decrease) in Trade Payables	(2,953.97)	3,621.57
Increase/(Decrease) in Other financial liabilities	1.72	4.71
Increase/(Decrease) in Other Current liabilities	34.48	120.70
<b>Cash generated from operations</b>	<b>790.24</b>	<b>355.10</b>
Direct Taxes Paid	(83.39)	(23.44)
<b>Net Cash from operating activities (A)</b>	<b>706.85</b>	<b>331.66</b>
<b>B. Cash flows from Investing Activities</b>		
Purchase/Sale of Investment	(118.00)	-
Purchase of Fixed Assets (Including CWIP)	(15.84)	(165.11)
Increase/ Decrease in Other Non Current Financial Assets	3.19	(90.91)
Increase/ Decrease in Long term Loans and advances	16.30	24.15
Changes in Intangible assets under development	-	75.95
Increase / Decrease in Other Non Current Assets	-	2.44
Interest on Fixed Deposits and other income received	29.73	8.69
<b>Net Cash used in Investing Activities</b>	<b>(84.62)</b>	<b>(144.79)</b>
<b>C. Cash flows from/(used in) Financing Activities</b>		
Issue of Share Capital	-	27.00
Proceeds from Long term borrowings	102.54	(41.80)
Increase/(Decrease) in Short Term Borrowings	(14.00)	23.00
Finance Cost	(185.12)	(190.16)
Dividend Paid	(52.54)	(12.65)
Corporate Dividend tax	(10.70)	-
<b>Net Cash used in Financing Activities</b>	<b>(159.82)</b>	<b>(194.61)</b>
<b>Net Increase/(Decrease) in cash and cash equivalents</b>	<b>462.41</b>	<b>(7.75)</b>
Cash and Cash equivalents at the beginning of the year	(334.63)	(326.88)
<b>Cash and Cash equivalents at the ending of the year (Refer Note 2.08)</b>	<b>127.78</b>	<b>(334.63)</b>

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard on "Cash Flow Statements". (Ind AS-7)
- The accompanying notes are an integral part of the financial statements.

**As per our report of even date**

**For NSVR & Associates LLP,**  
Chartered Accountants

F.R. No. : 008801S/S200060

Sd/-

**R. SRINIVASU**

Partner

M.No.224033

Place : Hyderabad

Date : 30-05-2018

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

Sd/-

**V. Atchyuta Rama Raju**

Chairman & Managing Director

DIN : 00997493

Sd/-

**G. Siva**

Chief Financial Officer

Sd/-

**V. Rajam Raju**

Executive Director

DIN : 01314420

Sd/-

**M. Koti Bhaskara Teja**

Company Secretary

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### DESCRIPTION OF THE COMPANY AND SIGNIFICANT ACCOUNTING POLICIES

#### A. General Information

Vama Industries Limited (“the Holding Company”) and its subsidiary (together “the Group”) are engaged in the Engineering Design & Development Services, System Integration Projects, IT Infrastructure, Data Center Engineering Build and Facility Management Services. The Company has business operations mainly in India and Singapore countries. The Company is a public limited company incorporated and domiciled in India and has its registered office at S.R.Nagar, Hyderabad, Telangana. The Company has its primary listings on the Bombay Stock Exchange. The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated

#### B. Basis of Preparation of Consolidated Financial Statements

The Consolidated Financial Statements have been prepared and presented in accordance with the Indian Accounting Standards (“Ind AS”) notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. For all periods up to and including the year ended 31 March 2017, the Group prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013, read with Rule 7 of Companies (Accounts) Rules, 2014. These financial statements for the year ended 31 March 2018 are the first the Group has prepared in accordance with Ind AS. The Group has adopted all applicable standards and the adoption was carried out in accordance with Ind AS 101 – ‘First Time Adoption of Indian Accounting Standards’. An explanation of how the transition to Ind AS has affected the reported financial position, financial performance and cash flows of the Group are provided in Note number 2.28 to 2.40 First Time Adoption.

#### Basis of Measurement

These Consolidated financial statements have been prepared on the historical cost convention and on an accrual basis, except for the following material items in the balance sheet:

- ◆ Certain financial assets are measured either at fair value or at amortized cost depending on the classification;
- ◆ Long-term borrowings, except obligations under finance leases, are measured at amortized cost using the effective interest rate method.

The following are the details of subsidiaries considered for the purpose of Consolidation:

Name of Enterprise	Country of Incorporation	Nature of Business	Shareholding/ Controlling interest
VAMA Technologies Pte. Ltd	Singapore	IT & Engineering Services	100%

#### C. Use of judgment, estimates and assumptions.

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, the areas involving critical estimates or judgements are:

##### i) Depreciation and amortization

Depreciation and amortization is based on management estimates of the future useful lives of certain class of property, plant and equipment and intangible assets.

**ii) Provision and contingencies**

Provisions and contingencies are based on the Management's best estimate of the liabilities based on the facts known at the balance sheet date.

**iii) Fair valuation**

Fair value is the market based measurement of observable market transaction or available market information.

**D. Scope of Consolidation**

The consolidated financial statements have been prepared on the following basis:

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Fully consolidated means recognition of all assets and liabilities and items in the income statement in full. Thereafter the portion of net profit and equity is allocated between the owners of the Holding Company and non-controlling interest. Changes in ownership that do not result in a change of control are accounted for as equity transactions and therefore do not have any impact on goodwill. The difference between consideration and the non-controlling share of net assets acquired is recognised within equity.

The financial statements of group companies are consolidated on line by line basis and Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated if there is a profit on ultimate sale of goods. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

**E. Functional and Presentation Currency**

These Consolidated Financial Statements are presented in Indian rupees, which is also the functional currency of the Company. All financial information presented in Indian rupees has been rounded to the nearest Lakhs.

In respect of subsidiary that operates as an extension of reporting entity of our parent company, rather than carried out with a significant degree of autonomy in their respective countries/regions, the functional currency has been determined to be the functional currency of our parent company (i.e., the Indian rupee). The operations of this subsidiary are largely restricted and influenced by the parent company for fixing the Sale Price and Costs of the goods and services and the subsidiary financing activities are funded by the parent company. The import of goods and services from our parent company in India, sale of these products in the foreign country and making of import payments are retained by our parent company.

In respect of subsidiary whose operations are integrated within their parent company, the functional and presenting currency has been determined to be the local currency of parent company.

**F. Current and Non-Current Classification**

All the assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

Assets: An asset is classified as current when it satisfies any of the following criteria:

- It is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- It is held primarily for the purpose of being traded;
- It is expected to be realised within twelve months after the reporting date; or
- It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Liabilities: A liability is classified as current when it satisfies any of the following criteria:

- It is expected to be settled in the Company's normal operating cycle;
- It is held primarily for the purpose of being traded;
- It is due to be settled within twelve months after the reporting date; or
- The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current assets/ liabilities include the current portion of non current assets/ liabilities respectively. All other assets/ liabilities are classified as non current.

## **G. Foreign Currencies**

### **Foreign Currency Transactions**

Transactions in foreign currencies are translated to the respective functional currencies of entities within the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at that date. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognized in the consolidated statement of profit and loss in the period in which they arise.

Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction, if any.

### **Group Entities**

The results and financial position of all the group entities are having a functional currency same that of parent company presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each Statement of Profit and Loss are translated at date of transaction exchange rates and
- All resulting exchange differences are recognized in Profit & Loss account

## **H. Significant Accounting Policies**

### **1) Property Plant & Equipment**

#### ***Transition to Ind AS***

The Group has elected to continue with the net carrying value of all its property, plant and equipment recognized as of April 1, 2016 (transition date) as per the previous GAAP and use that carrying value as its deemed cost.

#### ***Recognition and measurement***

Property, Plant and Equipment are stated at cost of acquisition less accumulated depreciation and impairment loss, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset i.e., freight, duties and taxes applicable and other expenses related to acquisition and installation.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses upon disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within in the statement of profit and loss.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of repairs and maintenance are recognized in the statement of profit and loss as incurred.

## Depreciation

Depreciation is recognized in the statement of profit and loss on a straight line basis over the estimated useful lives of property, plant and equipment based on Schedule II to the Companies Act, 2013 ("Schedule"), which prescribes the useful lives for various classes of tangible assets. For assets acquired or disposed off during the year, depreciation is provided on prorata basis. Land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted prospectively, if appropriate.

The estimated useful lives are as follows:

Type of Asset	Estimated useful life in years
Computers	3
Furniture & Fixtures	10
Air Conditioner	15
Electrical Fittings	10
Vehicles	8
Office Equipment	5

Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date is disclosed as capital advances under other noncurrent assets. Assets not ready for use are not depreciated.

## 2) Intangible assets

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. The Intangible assets that are acquired by the Company and that have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

### Amortization

Amortization is recognized in the statement of profit and loss on a straight-line basis over the estimated useful lives of intangible assets or on any other basis that reflects the pattern in which the asset's future economic benefits are expected to be consumed by the entity. Intangible assets that are not available for use are amortized from the date they are available for use. The estimated useful lives are as follows:

Type of Asset	Estimated useful life
Intangible Assets	
Software	10

The amortization period and the amortization method for intangible assets with a finite useful life are reviewed at each reporting date.

## 3) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.



## **Financial assets**

### **Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

### **Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified into following categories:

- Financial Assets at amortised cost
- Financial Assets at fair value through other comprehensive income (FVTOCI)
- Financial Assets at fair value through profit or loss (FVTPL)
- Impairment of financial assets

### **Financial Assets at amortised cost**

A Financial Asset is measured at the amortised cost if both the following conditions are met:

- o The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- o Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables.

### **Financial Assets at FVTOCI**

A Financial Asset is classified as at the FVTOCI if both of the following criteria are met:

- o The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- o The asset's contractual cash flows represent SPPI.

Financial Assets included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified to the statement of profit and loss. Interest earned whilst holding FVTOCI is reported as interest income using the EIR method.

### **Financial Assets at FVTPL**

FVTPL is a residual category for Financial Assets. Any asset, which does not meet the criteria for categorization as at amortised cost or as FVTOCI, is classified as at FVTPL. These include surplus funds invested in mutual funds.

### **Investment in Mutual Funds**

Mutual funds investment is in scope of Ind AS 109 are measured at fair value. For all other instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable.



If the Company decides to classify an instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

An investment in Mutual funds is within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

#### Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries and joint venture, the difference between net disposal proceeds and the carrying amounts are recognized in the statement of profit and loss.

Upon first-time adoption of Ind AS, the Company has elected to measure its investments in subsidiaries at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e., 1 April 2016.

#### Retention Money

Retention money is amount retained by the client/ service receiver under an agreement where, money is not paid instantaneously. There will be a time loss of value of consideration which needs to be recognised by determining the fair value of revenue in accordance with Ind AS 18.

As per Ind AS 113 and 109 discounting of the retention money is required and recognised and designated as revenue or interest as Fair Value Through Profit & Loss (FVTPL).

#### **Impairment of trade receivables**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18. Expected credit loss model takes into consideration the present value of all the cash shortfalls over the expected life of a financial instrument. In simple terms, it is weighted average of credit losses with the respective risks of default occurring as weights. The credit loss is the difference between all contractual cash flows that are due to an entity as per the contract and all the contractual cash flows that the entity expects to receive, discounted to the effective interest rate. The Standard presumes that entities would suffer credit loss even if the entity expects to be paid in full but later than when contractually due. In other words, it simply focuses on DELAYS in collection of receivables.

For the purpose of identifying the days of delay, the Company took into consideration the weighted average number of delays taking into consideration deviation of receivables turnover ratio from normal credit period.

#### **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

## **Financial liabilities**

### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts.

### **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

#### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

#### **Gains or losses on liabilities held for trading are recognised in the statement of profit and loss**

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risks are recognised in OCI. These gains/ losses are not subsequently transferred to the statement of profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss.

### **Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit and loss.

## **4) Inventories**

Inventories consist of raw materials, stores and spares, work-in-progress and finished goods and are measured at the lower of cost and net realisable value. The cost of all categories of inventories is based on the weighted average method. Cost includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of finished goods and work-in-progress, cost includes an appropriate share of overheads based on normal operating capacity. Stores and spares, that do not qualify to be recognised as property, plant and equipment, consists of packing materials, engineering spares (such as machinery spare parts) and consumables which are used in operating machines or consumed as indirect materials in the manufacturing process. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

## **5) Impairment of non-financial assets**

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, an impairment test is performed each year at March 31.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted

to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash-generating unit”).

An impairment loss is recognized in the consolidated statement of profit and loss if the estimated recoverable amount of an asset or its cash-generating unit is lower than its carrying amount. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

## 6) **Cash & Cash Equivalents**

Cash and bank balances comprise of cash balance in hand, in current accounts with banks, demand deposit, short-term deposits, Margin Money deposits and Unclaimed dividend accounts. For this purpose, “short-term” means investments having maturity of three months or less from the date of investment. Bank overdrafts and Cash Credit that are repayable on demand and form an integral part of our cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. The Margin money deposits and unclaimed dividend balances shall be disclosed as restricted cash balances.

## 7) **Employee Benefits**

### ***Short term employee benefits***

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### ***Defined Contribution Plan***

The Company’s contributions to defined contribution plans are charged to the consolidated statement of profit and loss as and when the services are received from the employees.

### ***Termination benefits***

Termination benefits are recognized as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

## 8) **Provisions, contingent liabilities and contingent assets**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

### ***Contingent liabilities***

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

### ***Contingent assets***

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

## **9) Revenue Recognition**

### ***Sale of goods and services***

Revenue from sale of computer hardware is recognized on dispatch of the products from the company for delivery to the customers. Revenue from product sale is shown net of 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***

#### **Interest Income**

Interest Income mainly comprises of interest on Margin money deposit with banks relating to bank guarantee. Interest income should be recorded using the effective interest rate (EIR). However, the amount of margin money deposits relating to bank guarantee are purely current in nature, hence effective interest rate has not been applied. Interest is recognized using the time-proportion method, based on rates implicit in the transactions.

#### **Dividend**

Dividend income is recognized when the Company's right to receive dividend is established.

## **10) Borrowing Costs**

Borrowing costs consist of interest, ancillary and other costs that the Company incurs in connection with the borrowing of funds and interest relating to other financial liabilities. Borrowing costs also include exchange differences to the extent regarded as an adjustment to the borrowing costs. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

## **11) Tax Expenses**

Tax expense consists of current and deferred tax.

### ***Income Tax***

Income tax expense is recognized in the consolidated statement of profit and loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

### ***Deferred Tax***

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences

when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Dividend distribution tax arising out of payment of dividends to shareholders under the Indian Income tax regulations is not considered as tax expense for the Company and all such taxes are recognised in the statement of changes in equity as part of the associated dividend payment.

## 12) Earnings Per Share

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

## 13) Trade receivables

Trade receivables are initially recognized at fair value and subsequently measured at amortised cost using effective interest method, less provision for impairment.

## 14) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are presented as current liabilities unless payment is not due within twelve months after the reporting period. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

## Determination of fair values

The Company's accounting policies and disclosures require the determination of fair value, for certain financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

### a. Property, plant and equipment

Property, plant and equipment, if acquired in a business combination or through an exchange of non-monetary assets, is measured at fair value on the acquisition date. For this purpose, fair value is based on appraised market values and replacement cost.

### b. Intangible assets

The fair value of brands, technology related intangibles, and patents and trademarks acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of these brands, technology related intangibles, patents or trademarks being owned (the "relief of royalty method"). The fair value of customer related, product related and other intangibles acquired in a business combination has been determined using the multi-period excess earnings method after deduction of a fair return on other assets that are part of creating the related cash flows.

c. Inventories

The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

d. Investments in equity and debt securities and units of mutual funds

The fair value of marketable equity and debt securities is determined by reference to their quoted market price at the reporting date. For debt securities where quoted market prices are not available, fair value is determined using pricing techniques such as discounted cash flow analysis.

In respect of investments in mutual funds, the fair values represent net asset value as stated by the issuers of these mutual fund units in the published statements. Net asset values represent the price at which the issuer will issue further units in the mutual fund and the price at which issuers will redeem such units from the investors.

Accordingly, such net asset values are analogous to fair market value with respect to these investments, as transactions of these mutual funds are carried out at such prices between investors and the issuers of these units of mutual funds.

e. Derivatives

The fair value of foreign exchange forward contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds). The fair value of foreign currency option and swap contracts and interest rate swap contracts is determined based on the appropriate valuation techniques, considering the terms of the contract.

f. Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements. In respect of the Company's borrowings that have floating rates of interest, their fair value approximates carrying value.

## 2.01 : Property, plant and equipment (₹.in Lakhs)

Particulars	Gross carrying value			Accumulated depreciation / impairment			Net carrying value	
	As at 1 <sup>st</sup> April, 2017	Additions	Disposals	As at 31 <sup>st</sup> March, 2018	For the year	Impairment for the year	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
Computer Software	10.67	14.00	-	24.67	1.41	-	21.78	9.19
Furniture & Fixtures	5.46	-	-	5.46	0.84	-	2.55	3.39
Air Conditioners	4.21	0.26	-	4.47	0.47	-	3.53	3.74
Electrical Fittings	3.18	-	-	3.18	0.44	-	2.11	2.55
Office Equipment	1.01	-	-	1.01	0.16	-	0.68	0.84
Vehicles	39.06	-	-	39.06	6.82	-	25.43	32.25
Land	209.25	-	-	209.25	-	-	209.25	209.25
<b>Total</b>	<b>272.84</b>	<b>14.26</b>	<b>-</b>	<b>287.10</b>	<b>10.13</b>	<b>-</b>	<b>265.33</b>	<b>261.20</b>

Particulars	Gross carrying value			Accumulated depreciation / impairment			Net carrying value	
	Deemed Cost As at 1 <sup>st</sup> April, 2016	Additions	Disposals	As at 31 <sup>st</sup> March, 2017	For the year	Impairment for the year	As at 31 <sup>st</sup> March, 2017	As at 01 <sup>st</sup> April, 2016
Computer Software	9.38	1.29	-	10.67	1.48	-	9.19	9.38
Furniture & Fixtures	5.11	0.35	-	5.46	2.07	-	3.39	5.11
Air Conditioners	4.21	-	-	4.21	0.47	-	3.74	4.21
Electrical Fittings	3.18	-	-	3.18	0.63	-	2.55	3.18
Office Equipment	1.01	-	-	1.01	0.17	-	0.84	1.01
Vehicles	39.06	-	-	39.06	6.82	-	32.25	39.06
Land	166.95	42.30	-	209.25	-	-	209.25	166.95
<b>Total</b>	<b>228.90</b>	<b>43.94</b>	<b>-</b>	<b>272.84</b>	<b>11.64</b>	<b>-</b>	<b>261.20</b>	<b>228.90</b>

**2.02: Other Intangible assets** (₹. in Lakhs)

Particulars	Gross carrying value			Accumulated depreciation / impairment			Net carrying value		
	As at 1 <sup>st</sup> April, 2017	Additions	Disposals	As at 31 <sup>st</sup> March, 2018	As at 1 <sup>st</sup> April, 2017	For the year	Impairment for the year	Disposals	As at 31 <sup>st</sup> March, 2018
Computer Software	321.99	1.58	-	323.57	151.29	21.81	-	-	170.70
<b>Total</b>	<b>321.99</b>	<b>1.58</b>	<b>-</b>	<b>323.57</b>	<b>151.29</b>	<b>21.81</b>	<b>-</b>	<b>-</b>	<b>170.70</b>

Particulars	Gross carrying value			Accumulated depreciation / impairment			Net carrying value		
	Deemed Cost As at 1 <sup>st</sup> April, 2016	Additions	Disposals	As at 31 <sup>st</sup> March, 2017	As at 1 <sup>st</sup> April, 2016	For the year	Impairment for the year	Disposals	As at 31 <sup>st</sup> March, 2017
Computer Software	200.82	121.17	-	321.99	140.37	10.92	-	-	170.70
<b>Total</b>	<b>200.82</b>	<b>121.17</b>	<b>-</b>	<b>321.99</b>	<b>140.37</b>	<b>10.92</b>	<b>-</b>	<b>-</b>	<b>170.70</b>



## 2.03 Investments

(₹.in Lakhs)

	31.03.2018	31.03.2017	01.04.2016
Investment in Mutual Funds	123.11	-	-
	<b>123.11</b>	<b>-</b>	<b>-</b>

## 2.04 Other Financial assets

	31.03.2018	31.03.2017	01.04.2016
<b>Security and other Deposits</b>			
Security Deposits	15.62	-	-
Electricity Deposit	0.96	0.96	0.96
Telephone deposit	0.25	0.25	0.25
Rental deposit	9.61	6.11	6.11
Retention money	156.50	178.82	87.91
other Deposits	0.04	0.04	0.04
	<b>182.99</b>	<b>186.18</b>	<b>95.28</b>

## 2.05 Long term Loans and Advances

	31.03.2018	31.03.2017	01.04.2016
<b>(Unsecured, considered good)</b>			
Other Loans and advances	42.45	58.75	82.90
	<b>42.45</b>	<b>58.75</b>	<b>82.90</b>

## 2.06 Other non current assets

	31.03.2018	31.03.2017	01.04.2016
<b>(Unsecured, considered good)</b>			
Other Advancces	15.47	15.47	17.90
Deposits with Statutory Authorities			
TDS receivable	8.47	8.47	16.33
	<b>23.94</b>	<b>23.94</b>	<b>34.24</b>

## 2.07 Inventories

(₹ in lakhs)

	31.03.2018	31.03.2017	01.04.2016
<b>(Valued at lower of cost or net realizable value)</b>			
Stock in Trade	799.64	3,316.11	1,011.54
	<b>799.64</b>	<b>3,316.11</b>	<b>1,011.54</b>

The mode of valuation of Inventories has been disclosed in Note 4 of Significant Accounting Policies  
Inventory is hyothecated as security for availing Working Capital Loans

## 2.08 Trade reciveble

	31.03.2018	31.03.2017	01.04.2016
<b>(Unsecured, considered good)</b>			
Outstanding for a period exceeding six months from the date they are due for payment	526.71	1,982.80	241.58
Others	2,225.89	1,366.60	1,490.99
	<b>2,752.60</b>	<b>3,349.40</b>	<b>1,732.57</b>
<b>Breakup for Security Details</b>			
Unsecured, Considered Good	2,752.60	3,349.40	1,732.57
Less: Allowances for credit losses	104.30	95.48	91.32
	<b>2,648.30</b>	<b>3,253.92</b>	<b>1,641.25</b>
Current	2,752.60	3,349.40	1,732.57
Non Current	-	-	-
	<b>2,752.60</b>	<b>3,349.40</b>	<b>1,732.57</b>
Less: Provision for Doubtful debts	65.86	65.86	65.86
Less: Expected Credit loss	38.44	29.62	25.46
	<b>104.30</b>	<b>95.48</b>	<b>91.32</b>
Closing Balance	<b>2,648.30</b>	<b>3,253.92</b>	<b>1,641.24</b>

Trade Receivables has been hypothecated as security for availing Working Capital Facility

### Movement of Impairment in Trade Receivables

Particulars	Amount
<b>As at 1st April, 2016</b>	<b>91.32</b>
Add: additional allowance of expected credit loss	4.15
<b>As at 1st April, 2017</b>	<b>95.48</b>
Add: additional allowance of expected credit loss	8.82
<b>As at March 31, 2018</b>	<b>104.30</b>

## 2.09 Cash and Bank Balances

(₹ in lakhs)

	31.03.2018	31.03.2017	01.04.2016
<b>a) Cash and Cash equivalents</b>			
i) Cash on hand	5.05	3.11	2.04
ii) Balances with banks			
- Current Accounts	21.08	70.44	119.09
- Deposit Accounts	482.08	600.73	64.67
- Cheques, drafts on Hand	-	-	39.66
	508.21	674.28	225.46
<b>Cash and Cash equivalents includes</b>			
i) Unclaimed Dividend Account	2.29	2.19	2.57

Cash and Cash Equivalents include the following for Cash flow purpose

Particulars	31.03.2018	31.03.2017	01.04.2016
Cash and Cash Equivalents/ Bank Balances	508.21	674.28	225.46
Less: Cash credit to be classified as Cash and Cash Equivalents	(378.14)	(1,006.71)	(549.77)
Less: Unclaim dividend	(2.29)	(2.19)	(2.57)
<b>Cash and Cash Equivalents/ Bank Balances</b>	<b>127.78</b>	<b>(334.62)</b>	<b>(326.88)</b>

## 2.10 Other Financial assets

Particulars	31.03.2018	31.03.2017	01.04.2016
Interest Accrued but not due on FDs	17.31	11.51	6.14
Security Deposits	-	11.95	20.50
Loans and Advances to Employees	91.99	42.17	81.08
Retention Money	98.62	-	32.38
	<b>207.92</b>	<b>65.63</b>	<b>140.10</b>

## 2.11 Other current assets

Particulars	31.03.2018	31.03.2017	01.04.2016
Prepaid Expenses	99.57	87.61	10.94
Advance Tax	48.20	18.73	23.69
Advance to Suppliers	69.74	67.23	24.75
Other Advances	6.79	1.15	0.29
Service tax Input/ Vat Input / GST Input	2.60	26.58	3.63
	<b>226.89</b>	<b>201.29</b>	<b>63.30</b>

## Notes to Financial statements

### 2.12 Share Capital

(₹ in lakhs)

			31.03.2018	31.03.2017	01.04.2016		
<b>Authorized Share Capital</b> 55,000,000 Equity Shares of Rs.2 each (Previous year : 55,000,000 Equity Shares of Rs.2 each)  <b>Issued Subscribed and Paid up Share Capital</b> 52,540,000 Equity Shares of Rs. 2 each, fully paid up* 97,58,000 Equity Shares of Rs. 10/- each, fully paidup*			1,100.00	1,100.00	1,100.00		
			1,050.80	1,050.80	975.80		
			1,050.80	1,050.80	975.80		
<b>Details of shareholders holding more than 5% shares :</b>		<b>No. of shares</b>	<b>% Holding</b>	<b>No. of shares</b>	<b>% Holding</b>	<b>No. of shares</b>	<b>% Holding</b>
1. V Atchyuta Rama Raju		1,25,55,120	23.90%	1,25,55,120	23.90%	22,11,024	22.66%
2.V Rajam Raju		58,02,500	11.04%	58,02,500	11.04%	11.60,500	11.89%
3. Anil Unni Krishnan		67,00,000	12.75%	67,00,000	12.75%	8,90,000 <sup>?</sup>	9.12%
4. Gottumukkala Achyuta Rama Raju		29,97,210	5.70%	29,97,210	5.70%	5,99,442	6.14%
5. Nirant Technologies Private Limited **						5,00,000	5.12%

#### 2.12.1 Reconciliation of Number of Shares :

	31.03.2018	31.03.2017	01.04.2016
Number of Shares at the beginning of the year	105.08	97.58	82.38
Add : Shares issued during the year	-	7.50	15.20
<b>Number of Shares at the end of the year</b>	<b>105.08</b>	<b>105.08</b>	<b>97.58</b>

#### 2.12.2 Rights attached to equity shares

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

“

## 2.13 Other Equity

(₹ in lakhs)

	31.03.2018	31.03.2017	01.04.2016
<b>Seurities Premium</b>			
Opening Balance	370.00	274.00	24.00
Add: Shares issued during the year	-	96.00	250.00
	<b>370.00</b>	<b>370.00</b>	<b>274.00</b>
<b>Surplus in the Statement of Profit and Loss</b>			
Opening Balance	317.26	52.68	182.04
Add: Net profit transferred from the Statement of Profit and Loss	404.12	277.23	25.11
	<b>721.38</b>	<b>329.91</b>	<b>207.15</b>
<b>Less: Appropriations</b>			
Dividend	52.54	12.65	(3.65)
Retention money	-	-	(35.30)
Debtors written off	-	-	(91.32)
Deferred Tax adjustment	-	-	(25.95)
Amortisation Cost	-	-	1.74
Corporate Dividend Tax	10.70	-	-
	63.25	12.65	(154.48)
<b>Closing Balance</b>	<b>658.13</b>	<b>317.26</b>	<b>52.68</b>
<b>Total</b>	<b>1,028.13</b>	<b>687.26</b>	<b>326.68</b>

## 2.14 Long term Borrowings

	31.03.2018	31.03.2017	01.04.2016
<b>Secured</b>			
Vehicle Loans from Banks	12.61	18.03	22.87
<b>Unsecured</b>			
Loan from Financial Institutions	161.90	53.95	90.90
<b>Total</b>	<b>174.51</b>	<b>71.97</b>	<b>113.77</b>

### Vehicle Loan from State Bank of India:

1. Secured by hypothecation of Vehicle purchased and repayable in 60 monthly installments of each Rs. 21,095/- commencing from March 2015, balance of installments being 21( rate of Interest: 9.55%)
2. Secured by hypothecation of Vehicle purchased and repayable in 84 monthly installments of each Rs. 18,670/- commencing from March 2015, balance of installments being 45( rate of Interest: 9.70%)
3. Secured by hypothecation of Vehicle purchased and repayable in 84 monthly installments of each Rs. 16,634/- commencing from September 2015, balance of installments being 53( rate of Interest: 9.55%)

### Unsecured Business Loans

Tata Capital Financial Services Limited

It is repayable in 24 monthly installments of Rs. 1,77,450/- each commencing from February 2017, balance of installments being 10 (Rate of Interest: 18.52%)

### Religare Finvest Limited

It is repayable in 36 monthly installments of Rs. 1,46,665/- each commencing from March 2016, balance of installments being 11 (Rate of Interest: 19.02%)

**Magma Fincorp Limited**

It is repayable in 24 monthly installments of Rs. 2,52,119/- each commencing from January 2018, balance of installments being 21 (Rate of Interest: 18.75%)

**Edelweiss Retail Finance Limited**

It is repayable in 24 monthly installments of Rs. 2,01,635/- each commencing from January 2018, balance of installments being 21 (Rate of Interest: 19.00%)

**Bajaj Finserv Limited**

It is repayable in 36 monthly installments of Rs. 92,556/- each commencing from March 2016, balance of installments being 11 (Rate of Interest: 19.00%)

**Bajaj Finserv Limited**

It is repayable in 24 monthly installments of Rs. 58,928/- each commencing from March 2017, balance of installments being 11 (Rate of Interest: 19.00%)

**Dewan Housing Finance Corporation Limited**

It is repayable in 24 monthly installments of Rs. 1,76,435/- each commencing from January 2018, balance of installments being 21 (Rate of Interest: 19.00%)

**Equitas Small Finance Bank Ltd**

It is repayable in 24 monthly installments of Rs. 1,51,230/- each commencing from February 2018, balance of installments being 22 (Rate of Interest: 19.00%)

**India Infoline Finance Limited**

It is repayable in 36 monthly installments of Rs. 1,83,280/- each commencing from January 2018, balance of installments being 33 (Rate of Interest: 19.00%)

**IVL Finance Limited**

It is repayable in 36 monthly installments of Rs. 1,83,280/- each commencing from January 2018, balance of installments being 33 (Rate of Interest: 19.00%)

**Religare Finvest Limited**

It is repayable in 24 monthly installments of Rs. 1,00,817/- each commencing from January 2018, balance of installments being 21 (Rate of Interest: 19.00%)

**Shriram City Union Finance Limited**

It is repayable in 24 monthly installments of Rs. 1,76,431/- each commencing from April 2018, balance of installments being 24 (Rate of Interest: 19.00%)

**Tata Capital Financial Services Limited**

It is repayable in 24 monthly installments of Rs. 1,00,574/- each commencing from February 2018, balance of installments being 22 (Rate of Interest: 18.75%)

**2.15 Deferred tax liabilities**

(₹ in lakhs)

	31.03.2018	31.03.2017	01.04.2016
Opening Balance	42.90	18.64	-
Add : On account of timing differences in Property, Plant and Equipment	(10.66)	24.26	(7.30)
Add: On account of Others	-	-	25.95
<b>Closing Balance</b>	<b>32.25</b>	<b>42.90</b>	<b>18.64</b>

## 2.16 Short term Borrowings

(₹ in lakhs)

	31.03.2018	31.03.2017	01.04.2016
Loans Repayable on Demand			
Working Capital Loans from Banks	378.14	1,006.71	549.77
<b>Unsecured</b>			
Loans from related parties	9.00	23.00	-
	<b>387.14</b>	<b>1,029.71</b>	<b>549.77</b>

### Cash Credit from State Bank of India

**Rate of Interest : 11.70%**

**Repayment:** Repayable On Demand

**Primary Security:** Hypothecation of stock and receivables of the company

**“Collateral Security :**

- 1) EM of Flat No. 401, 4th Floor, Plot No. 14 & 16, S No.93, 94 & 95 located at Madhura Nagar, Yousufguda, Hyderabad-38 belongs to Shri. V. Atchyutha Rama Raju.
- 2) EM of Office Premises No. 619, 6th Floor, Maker Chambers, V Premises Co-op Society Ltd., Plot No.221 of Back bay reclamation, Nariman Point, Mumbai - 400021 belongs to M/s Reliance Tea Private Limited.
- 3) EM of Plot No. 70, Survey No. 06, Situated at Izzat Nagar Village, Serilingampally Mandal, Ranga Reddy District, admeasuring 450 Sq. yards in the Name of Vama Industries Limited”

**“Personal Gaurantee:**

1. Shri V.Atchyuta Rama Raju, MD, S/o. Late V. Venkata Satynarayana Raju
2. Shri V. Rajam Raju, Director, S/o. Late V. Venkata Satynarayana Raju.
3. Smt. V. Parvathi, Guarantor, W/o. Sri V. Atchyuta Rama Raju
4. Corpoarte Gaurantee of M/s Reliance Tea Private Limited”

## 2.17 Trade payables

	31.03.2018	31.03.2017	01.04.2016
Dues to Micro and Small Enterprises	-	-	-
<b>Dues to others</b>			
For Goods	2,053.32	5,007.29	1,385.73
For Services	-	-	-
	<b>2,053.32</b>	<b>5,007.29</b>	<b>1,385.73</b>

**2.17.1** There are no transactions with Micro and Small enterprises, hence disclosures are not given as required under MSMED Act, 2006.

## 2.18 Other Financial liabilities

	31.03.2018	31.03.2017	01.04.2016
Unpaid Dividends	2.29	2.19	2.57
Expenses Payable	40.82	39.10	34.39
	<b>43.11</b>	<b>41.29</b>	<b>36.96</b>

# These figures do not include any amounts, due and outstanding, to be credited to Investor Education and Protection Fund

## 2.19 Short-term provisions

(₹ in lakhs)

	31.03.2018	31.03.2017	01.04.2016
<b>For Employee Benefits</b>	-	-	-
<b>Others</b>			
Proposed Dividend	-	-	-
Corporate Dividend tax	-	-	-
Provision for Income tax	178.12	83.39	31.30
	<b>178.12</b>	<b>83.39</b>	<b>31.30</b>

## 2.20 Other Current liabilities

	31.03.2018	31.03.2017	01.04.2016
Other payables			
Statutory Liabilities	43.66	122.77	19.72
<b>Current Maturities of Long term Debt</b>			
<b>Secured</b>			
Vehicle Loans from banks	5.12	4.62	4.17
<b>Unsecured</b>			
Loans from Financial Institutions	183.10	70.00	52.82
	<b>231.87</b>	<b>197.39</b>	<b>76.71</b>

## 2.21 Revenue from Operations

	31.03.2018	31.03.2017
<b>Sale of Products</b>		
Domestic	6,041.31	3,200.94
Export	3,583.55	2,458.46
	<b>9,624.86</b>	<b>5,659.40</b>
<b>Sale of Services</b>		
Domestic	527.67	331.30
Export	202.06	121.39
	729.73	452.69
	<b>10,354.59</b>	<b>6,112.09</b>
<b>Sale of Goods under Broad Head</b>		
	<b>31.03.2018</b>	<b>31.03.2017</b>
Computers & Peripherals / Software	9,624.86	5,659.40
	<b>9,624.86</b>	<b>5,659.40</b>



<b>Services rendered under Broad Heads</b>		
	<b>31.03.2018</b>	<b>31.03.2017</b>
Annual Maintenance Contract Services	346.05	205.78
Consultancy Services	181.62	125.52
IT Engineering Services	202.06	121.39
	<b>729.73</b>	<b>452.69</b>

## 2.22 Other Income

	<b>31.03.2018</b>	<b>31.03.2017</b>
Interest on Fixed Deposits	29.73	6.63
Other Income	40.06	16.67
	<b>69.79</b>	<b>23.30</b>

## 2.23 Purchase of Stock in Trade

	<b>31.03.2018</b>	<b>31.03.2017</b>
Purchase of Material	6,017.03	6,669.58
Transport Charges/ AMC Charges/ Labour Charges	469.78	426.36
	<b>6,486.81</b>	<b>7,095.94</b>

## 2.24 Change in inventories of Finished goods, Work in Progress and Stock in Trade

	<b>31.03.2018</b>	<b>31.03.2017</b>
<b>Inventories at the end of the year</b>		
Stock in Trade	799.64	3,331.91
<b>Inventories at the beginning of the year</b>		
Stock in Trade	3,331.91	1,011.54
	<b>(2,532.27)</b>	<b>2,304.57</b>

## 2.25 Employee Benefit Expenses

	<b>31.03.2018</b>	<b>31.03.2017</b>
Salaries and Wages	304.86	332.29
Director Remuneration	37.80	25.80
Contribution to Provident and other Funds	15.96	24.53
Staff Welfare Expenses	3.56	2.33
	<b>362.18</b>	<b>384.95</b>

## 2.26 Finance Costs

(₹ in lakhs)

	31.03.2018	31.03.2017
<b>Interest Expenses</b>		
Interest to Banks	132.22	121.89
Interest Expense - Others	26.91	28.88
<b>Other Borrowing Costs</b>		
Loan Processing Charges	0.12	17.95
<b>Other Finance Charges</b>		
Bank Charges	25.87	21.46
	<b>185.12</b>	<b>190.16</b>

## 2.27 Other Expenses

	31.03.2018	31.03.2017
Advertisement	3.17	2.02
Audit Fee	5.23	3.78
Business Promotion Exp.	1.66	9.47
Commission	0.41	25.48
Communication Expenses	5.35	6.14
Conveyance	8.66	9.27
Power and Fuel	12.40	10.39
Fees and taxes	7.78	8.53
Forex Fluctuations	32.42	21.29
Office & General Exp	10.43	11.35
Insurance	7.95	6.18
Legal and Professional exp.	65.73	43.26
Printing and stationery	2.20	1.57
Postage and Telegram	0.80	0.75
Rent	31.98	28.09
Repairs and Maintenance	1.86	3.24
STPI Service charges	0.55	0.55
Travelling Expenses	46.11	26.27
Vehicle Maintenance	0.65	0.69
Discount / Miscellaneous written off	0.32	139.04
Allowances for Impairment of Receivables	8.82	4.15
	<b>254.48</b>	<b>361.49</b>

## 2.28 First-time adoption of Ind AS

These financial statements, for the year ended 31st March 2018, are the first set the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31st March 2017, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

The Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31st March 2018, together with the comparative period data as at and for the year ended 31st March 2017, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1st April 2016, i.e. the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1st April 2016 and the financial statements as at and for the year ended 31st March 2017.

### Exemptions Applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

The Company adopted not to measure any item of property, plant and equipment at its fair value at the Transition Date. Accordingly, on the transition date, the net carrying value of the property, plant and equipment and intangible assets shall be considered as deemed cost for Ind AS purposes.

The Company adopted to measure investments in subsidiaries at cost i.e., carrying value of the investments on the date of transition shall be considered as deemed cost for Ind AS purposes.

### Estimates

The estimates at 1st April 2016 and at 31st March 2017 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Indian GAAP did not require estimation:

- FVTPL – Quoted equity shares
- Impairment of financial assets based on expected credit loss model
- FVTPL – Retention Money

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at 1st April 2016, the date of transition to Ind AS and as of 31st March 2017.

### Reconciliation of equity as previously reported under Previous GAAP and that computed under Ind AS

(₹ in lakhs)

	Equity as at 31st March 2017	Equity as at 1st April 2016
Particulars	(Audited)	(Audited)
<b>Equity as per Previous GAAP</b>	<b>1854.62</b>	<b>1600.95</b>
De recognition of liability for proposed dividend	68.12	(3.65)
Impact of amortisation of borrowings at effective rate of interest	1.44	1.74
Impact on account of measuring financial assets at fair value	(43.86)	(35.30)
Impact on account of deferred Tax	(27.12)	(25.95)
Impairment of trade receivables due to expected credit loss model	(115.14)	(91.32)
<b>Equity as per IND AS</b>	<b>1738.06</b>	<b>1446.48</b>

**Reconciliation between financial results as previously reported under Previous GAAP and Ind AS for the year ended 31 March 2017**

(₹ in lakhs)

	<b>Year ended 31st March 2017</b>
<b>Particulars</b>	<b>(Audited)</b>
<b>Net profit as per Previous GAAP</b>	<b>305.61</b>
a) Impact on account of amortisation of borrowings	(0.30)
b) Impairment of trade receivables due to ECL model	(4.15)
c) Impact on account of deferred tax	(15.96)
d) Impact on account of measuring financial assets at fair value through profit and loss	(7.97)
<b>Net profit as per IND AS</b>	<b>277.23</b>
Other comprehensive Income (Net of Tax)	-
<b>Total Comprehensive Income under IND AS</b>	<b>277.23</b>

**Proposed dividend**

Under Indian GAAP, proposed dividends including dividend distribution tax are recognised as a liability in the period to which they relate, irrespective of when they are declared. Under Ind AS, a proposed dividend is recognised as a liability in the period in which it is declared by the company (usually when approved by shareholders in a general meeting) or paid. Therefore, the liability of Rs.3.65 Lakhs for the year ended on 31st March 2016 recorded for dividend has been derecognized against retained earnings on 1st April 2016.

**FVTPL Financial assets**

Under Indian GAAP, the Company accounted for long term investments in quoted equity shares as investment measured at cost less provision for diminution other than temporary diminution in the value of investments, if any. Under Ind AS, the Company has designated such investments as FVTPL investments. Ind AS requires FVTPL investments to be measured at fair value. At the date of transition to Ind AS, difference between the instruments fair value and Indian GAAP carrying amount has been recognised as a separate component of equity, in the retained earnings.

**Deferred tax**

Indian GAAP requires deferred tax accounting using the statement of profit and loss approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

In addition, adjustments regarding temporary differences such as recognition of deferred tax impact on unrealised intra-group profits. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings.

**Trade receivables**

Under Ind AS, impairment allowance has been determined based on Expected Loss model (ECL). Due to ECL model, the company impaired its trade receivable by Rs. 91.32 Lakhs (including probability of default of Rs.,65.86 Lakhs) on 1st April 2016 which has been eliminated against retained earnings. The company impaired its trade receivable by Rs.95.48 Lakhs (including probability of default of Rs.,65.86 Lakhs) on 31st March 2017, such increase in impairment has been recognised in the profit the loss account for the year ended 31st March 2017002E

**Sale of goods and services**

Under Indian GAAP, revenue is recognised on dispatch, performance and accrual basis based on type of revenue. However, under Ind AS, in case of Service Contracts certain percentage is withheld by the principal as retention money

for a period of time after the work has been completed. The time loss of value of consideration is determined and recognised at fair value through profit and loss. Thus sale of goods under Ind AS for the year ended 31 March 2017 has decreased by Rs. 7.97 Lakhs with a corresponding decrease in retention money receivable and after considering the income of subsidiary (integral operations).

## 2.29 Auditors Remuneration

(₹ in lakhs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
a) Audit fees	4.73	3.71
b) Other charges		
Taxation matters	0.50	0.23
Other Services	-	1.75
c) Reimbursement of out of pocket expenses	-	-
<b>TOTAL</b>	<b>5.23</b>	<b>5.68</b>

## 2.30 Earnings per Share

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Earnings</b>		
Profit attributable to equity holders	404.12	277.23
<b>Shares</b>		
Number of shares at the beginning of the year	5,25,40,000	4,87,90,000
Add: Equity shares issued	-	37,50,000
Less: Buy back of equity shares	-	-
Total number of equity shares outstanding at the end of the year	5,25,40,000	5,25,40,000
<b>Weighted average number of equity shares outstanding during the year – Basic</b>	<b>5,25,40,000</b>	<b>5,24,98,904</b>
Add: Weighted average number of equity shares arising out of outstanding stock options (net of the stock options forfeited) that have dilutive effect on the EPS	-	-
<b>Weighted average number of equity shares outstanding during the year – Diluted</b>	<b>5,25,40,000</b>	<b>5,24,98,904</b>
<b>Earnings per share of par value Rs.2/- – Basic (₹)</b>	<b>0.77</b>	<b>0.53</b>
<b>Earnings per share of par value Rs.2/- – Diluted (₹)</b>	<b>0.77</b>	<b>0.53</b>

## 2.31 Related Parties

**Subsidiary:** Vama Technologies Pte Ltd

In accordance with the provisions of Ind AS 24 “Related Party Disclosures” and the Companies Act, 2013, Company’s Directors, members of the Company’s Management Council and Company Secretary are considered as Key Management Personnel. List of related party of the Company is as below:

S.No.	Name of the Related Party	Nature of Relationship
1	V. Atchyuta Rama Raju	Key Managerial Personnel
2	V.Rajam Raju	Key Managerial Personnel
3	V.Parvathi	Relative of Key Managerial Personnel
4	Reliance Tea Pvt Ltd	* EDS
5	Vama Technologies Pte. Ltd	Subsidiary
6	Gottumukkala Achyuta Rama Raju	Relative of Key Managerial Personnel
7	Bangarraju Mudundi	Relative of Key Managerial Personnel
8	V Sarada	Relative of Key Managerial Personnel
9	M Krishna Veni	Relative of Key Managerial Personnel
10	Vegesna Pushpavathi	Relative of Key Managerial Personnel
11	Mohan Raju Indukuri	Relative of Key Managerial Personnel
12	Uma Vani Indukuri	Relative of Key Managerial Personnel
13	G. Siva	Chief Financial Officer
14	M K Bhaskara Teja	Company Secretary
* Entity over which the director is having significant influence		

**Related Party Transactions** (₹ in lakhs)

S.No.	Nature of Transaction	FY 2017-18					FY 2016-17				
		KMP	Relative of KMP	EDS	Subsidiary	Total	KMP	Relative of KMP	EDS	Subsidiary	Total
1	Directors Remuneration / Salary	52.44	2.28	-	-	54.72	51.94	2.28	-	-	54.22
2	Consultancy Service Income	-	-	-	91.96	91.96	-	-	-	248.83	248.83
3	Sales	-	-	-	-	-	-	-	-	383.87	383.87
4	Salary Advance	3.59	-	-	-	3.59	-	-	-	-	-
5	Dividend	18.36	4.20	-	-	22.56	3.52	0.84	-	-	4.36

**Balance with Related Parties**

S.No.	Nature of Transaction	FY 2017-18					FY 2016-17				
		KMP	Relative of KMP	EDS	Subsidiary	Total	KMP	Relative of KMP	EDS	Subsidiary	Total
1	Rent Deposit	-	-	-	15.47	15.47	-	-	15.47	-	15.47
2	Salary Advances	3.59	-	-	-	3.59	-	-	-	-	-
3	Expenses payable	-	-	-	-	-	2.00	-	-	-	2.00
4	Unsecured Loan	9.00	-	-	-	9.00	23.00	-	-	-	23.00
5	Loans & Advances	-	5.00	0.25	230.33	235.58	-	-	0.25	15.90	16.15
6	Investments	-	-	-	3.90	3.90	-	-	-	3.89	3.89
7	Trade receivables	-	6.38	-	-	6.38	-	-	-	32.24	32.24

**Transactions with related parties during the year**

(₹ in lakhs)

S.No.	Particulars	FY 2017-18	FY 2016-17
<b>1</b>	<b>Remuneration / Salary</b>		
	V. Atchyuta Rama Raju	19.80	19.80
	V.Rajam Raju	18.00	18.00
	V.Parvathi	2.28	2.28
	G. Siva	8.64	8.64
	M K Bhaskara Teja	6.00	1.90
<b>2</b>	<b>Consultancy Service Income</b>		
	Vama Technologies Pte. Ltd	91.96	248.82
<b>3</b>	<b>Sales</b>		
	Vama Technologies Pte. Ltd	-	383.87
<b>4</b>	<b>Salary Advances</b>		
	G. Siva	3.59	-
<b>5</b>	<b>Dividend</b>		
	V Atchyuta Rama Raju	12.56	2.36
	V Rajam Raju	5.80	1.16
	Gottumukkala Achyuta Rama Raju	3.00	0.60
	Bangarraju Mudundi	0.09	0.02
	Parvathi Vegesna	0.77	0.15
	V Sarada	0.09	0.02
	M Krishna Veni	0.08	0.02
	Vegesna Pushpavathi	0.07	0.01
	Mohan Raju Indukuri	0.05	0.01
	Uma Vani Indukuri	0.05	0.01
<b>6</b>	<b>Rent Deposit</b>		
	Reliance Tea Pvt Ltd	15.47	15.47
<b>7</b>	<b>Expenses payable</b>		
	G. Siva	-	2.00
<b>8</b>	<b>Unsecured Loan</b>		
	V. Atchyuta Rama Raju	-	14.00
	V.Rajam Raju	9.00	9.00
<b>9</b>	<b>Loans &amp; Advances</b>		
	Vama Technologies Pte. Ltd	230.33	15.90
	Reliance Tea Pvt Ltd	0.25	0.25
	Asha Lube Solutions Pvt Ltd	5.00	-
<b>10</b>	<b>Investments</b>		
	Vama Technologies Pte. Ltd	3.90	3.89
<b>11</b>	<b>Trade receivables</b>		
	Vama Technologies Pte. Ltd	-	32.24
	Asha Automine Pvt Ltd	6.38	-



## 2.32 Earnings/expenditure in foreign currency:

(₹ in lakhs)

### Expenditure in Foreign currency:

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Travel Expenses	3.94	8.95
Reimbursement of expense	9.83	99.65
Purchase Import	1,134.98	4,713.68
Bank Charges	0.87	1.74
<b>Total</b>	<b>1,149.62</b>	<b>4,824.02</b>

### Earnings in Foreign currency:

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Engineering Services	202.06	121.40
Sale of Products	-	2,458.46
<b>Total</b>	<b>202.26</b>	<b>2,579.86</b>

## 2.33 Segment Reporting

The Company concluded that there is only one operating segment i.e IT related services Hence, the same becomes the reportable segment for the Company. Accordingly, the Company has only one operating and reportable segment, the disclosure requirements specified in paragraphs 22 to 30 are not applicable. Accordingly, the Company shall present entity-wide disclosures enumerated in paragraphs 32, 33 and 34 of Ind AS 108.

## 2.34 Employee benefits:

### Contribution to Provident Fund

The employees of the Company receive benefits from a provident fund, a defined contribution plan. Both the employee and employer each make monthly contributions to a government administered fund equal to 12% of the covered employee's qualifying salary. The Company has no further obligations under the plan beyond its monthly contributions. The Company contributed Rs.13.06 Lakhs and Rs.21.52 Lakhs to the provident fund plan during the years ended 31st March 2018 and 2017, respectively.

## 2.35 Income Taxes

### a. Income tax expense/ (benefit) recognized in the statement of profit and loss:

Income tax expense/ (benefit) recognized in the statement of profit and loss consists of the following:

Particulars	For the Year Ended 31st March	
	2018	2017
<i>Current taxes expense</i>		
Domestic	171.41	63.05
Foreign	6.72	20.30
<i>Deferred taxes expense/(benefit)</i>		
Domestic	(10.66)	24.26
<b>Total income tax expense/(benefit) recognized in the statement of profit and loss</b>	<b>167.46</b>	<b>107.61</b>

**b. Income tax expense/ (benefit) recognized directly in equity:**

Income tax expense/ (benefit) recognized directly in equity consist of the following:

(₹ in lakhs)

Particulars	For the Year Ended 31st March	
	2018	2017
Tax effect on actuarial gains/losses on defined benefit obligations	-	-
Total income tax expense/(benefit) recognized in the equity	-	-

**c. Reconciliation of Effective tax rate:**

Particulars	For the Year Ended 31st March	
	2018	2017
Profit before income taxes	571.57	384.84
Enacted tax rate in India	33.06%	33.06%
Computed expected tax	188.96	127.24
Effect of:		
Expenses not deductible for Tax purposes	25.28	18.13
Expenses deductible for Tax purposes	(24.64)	(15.64)
Taxable at Special Rates	19.42	-
Foreign Taxes	6.71	20.30
Tax effect due to non-taxable for Indian Tax purpose	(37.63)	(66.68)
<b>Income tax</b>	<b>178.12</b>	<b>83.35</b>

**d. Deferred tax assets & Liabilities:**

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities and a description of the items that created these differences is given below:

Particulars	For the Year Ended 31st March	
	2018	2017
<b>Deferred tax assets/(liabilities):</b>		
<b>Property, plant and equipment</b>	<b>22.04</b>	<b>28.12</b>
Others	10.20	14.78
<b>Net deferred tax assets/(liabilities)</b>	<b>34.25</b>	<b>42.90</b>

**e. Movement in deferred tax assets and liabilities during the year ended 31st March 2018 & 2017:** (₹ in lakhs)

Particulars	As at 1 April 2016	Recognized in statement of profit and loss	Recognized in equity	As at 31 March 2017
<b>Deferred tax assets/(liabilities)</b>				
<b>Property, plant and equipment</b>	<b>18.64</b>	<b>9.48</b>	<b>-</b>	<b>28.13</b>
Others	-	14.78	-	14.78
<b>Net deferred tax assets/(liabilities)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>42.90</b>

[Continued from above table, first column(s) repeated]

Particulars	As at 1 April 2017	Recognized in statement of profit and loss	Recognized in equity	As at 31 March 2018
<b>Deferred tax assets/(liabilities)</b>				
<b>Property, plant and equipment</b>	<b>28.13</b>	<b>(6.08)</b>	<b>-</b>	<b>22.04</b>
Others	14.78	(4.57)	-	10.21
<b>Net deferred tax assets/(liabilities)</b>				<b>32.25</b>

### 2.36 Investments

Investments consist of investments in mutual fund measured at Fair value through Profit & Loss Account, Investment in subsidiaries measured at cost.

The details of such Investments in Mutual Funds as of 31st March 2018 are as follows:

Particulars	COST	Gain recognized directly in equity	Gain recognized directly in profit and loss Account	Fare Value
Non-current Investments				
Investment in Mutual Funds	118.00	-	5.11	123.11
<b>Total</b>	<b>118.00</b>	<b>-</b>	<b>5.11</b>	<b>123.11</b>

### 2.37 Retention Money

Retention money is amount retained by the client/ service receiver under an agreement where, money is not paid instantaneously. There will be a time loss of value of consideration which needs to be recognised by determining the fair value of revenue in accordance with Ind AS 18.

As per Ind AS 113 and 109 discounting of the retention money is required and recognised and designated as revenue or interest as Fair Value Through Profit & Loss (FVTPL).

The details of Retention Money as of 31st March 2017 are as follows:

(₹ in lakhs)

Particulars	As at 1 April 2016	Recognized in profit and loss Account	Recognized in equity	As at 31 March 2017
Adjusted as on 01.04.2016	(35.30)	-	-	(35.30)
Sale recognition or reversal	-	(22.57)	-	(22.57)
Interest income or reversal	-	14.01	-	14.01
<b>Net Adjustment during the year</b>				<b>(43.86)</b>

The details of Retention Money as of 31st March 2018 are as follows:

Particulars	As at 1 April 2017	Recognized in profit and loss Account	Recognized in equity	As at 31 March 2018
<b>Opening as on 31.03.2017</b>	<b>(43.86)</b>	-	-	<b>(43.86)</b>
Sale recognition or reversal	-	(33.46)	-	(33.46)
Interest income or reversal	-	22.41	-	22.41
<b>Net Adjustment during the year</b>				<b>(54.90)</b>

### 2.38 Financial Instruments:

Set out below, is a comparison by class of the carrying amounts and fair value of the financial instruments, other than those with carrying amounts that are reasonable approximations of fair values

Particulars	Carrying value			Fair value		
	Mar-18	Mar-17	Apr-16	Mar-18	Mar-17	Apr-16
<b>Financial assets</b>						
Cash and cash equivalents	508.21	674.28	225.46	508.21	674.28	225.46
Investments	118.00	-	-	123.11	-	-
Trade receivables	2,752.60	3,349.39	1,732.57	2,648.30	3,253.92	1,641.24
Other financial assets	445.81	295.67	270.68	390.91	251.81	235.38
<b>Total</b>	<b>3,824.62</b>	<b>4,319.34</b>	<b>2,228.71</b>	<b>3,670.53</b>	<b>4,180.01</b>	<b>2,102.08</b>
<b>Financial liabilities</b>						
Borrowings	568.09	1103.13	665.29	561.65	1101.69	663.54
Trade payables	2,053.32	5,007.28	1,385.73	2,053.32	5,007.28	1,385.74
Other financial liabilities	43.11	41.29	36.96	43.11	41.29	36.96
<b>Total</b>	<b>2,664.52</b>	<b>6,151.70</b>	<b>2,087.98</b>	<b>2,658.08</b>	<b>6,150.26</b>	<b>2,086.24</b>

## 2.39 Financial Risk Management:

The Company's activities expose it to a variety of financial risks, including credit risk, liquidity risk and market risk. The Company's risk management assessment and policies and processes are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board of Directors, risk management committee and the Audit Committee is responsible for overseeing the Company's risk assessment and management policies and processes.

### a. Credit Risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of expected losses in respect of trade and other receivables and investments.

Trade Receivables-The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The total trade and other receivables impairment loss is provided Rs.38.44 as at 31 March 2018 and Rs.29.62 at 31st March 2017.

On account of adoption of Ind AS 109, the Company uses Expected Credit Loss (ECL) model for assessing the impairment loss. For this purpose, the Company took into consideration the weighted average number of delays taking into consideration deviation of receivables turnover ratio from normal credit period.

The credit loss is the difference between all contractual cash flows that are due to an entity as per the contract and all the contractual cash flows that the entity expects to receive, discounted to the effective interest rate.

*Financial assets that are neither past due nor impaired - None of the Company's cash equivalents, including deposits with banks, were past due or impaired as at 31 March 2018.*

### Reconciliation of allowance for credit losses

The details of changes in allowance for credit losses during the year ended 31 March 2018 and 31 March 2017 are as follows:

	For the Year Ended 31 March	
	2018	2017
<b>Balance at the beginning of the year</b>	<b>29.62</b>	<b>25.46</b>
Impairment of Trade receivables	8.82	4.15
<b>Balance at the end of the year</b>	<b>38.44</b>	<b>29.62</b>

### Liquidity Risks:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation.

As of 31 March 2018 and 2017, the Company had unutilized credit limits from banks of fund based limits of Rs., 3.72 and NIL respectively.

As of 31st March 2018, the Company had working capital (current assets less current liabilities) of Rs. 1497.40 Lakhs

including cash and cash equivalents of Rs. 508.21 Lakhs and investments in FVTPL financial assets of Rs.123.11 Lakhs. As of 31st March 2017, the Company had working capital of Rs. 1152.16 Lakhs, including cash and cash equivalents of Rs.674.28.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2018:

(₹ in lakhs)

Particulars	2019	2020	2021	2022	Thereafter	Total
Trade payables	2053.32	-	-	-	-	2053.32
Long term borrowings#	190.29	134.50	33.92	3.44	0.59	362.73
Bank overdraft, short-term loans and borrowings*	387.14	-	-	-	-	387.14
Other liabilities*	43.11	-	-	-	-	43.11

\* The Bank Overdraft and other liabilities are payable on demand.

#Long term borrowings include current maturities of long term debt

#### Market Risks:

Market risk is the risk that changes in market prices such as commodity prices risk, foreign exchange rates and interest rates which will affect the Company's financial position. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables.

#### Currency Risk

The Company is exposed to currency risk on account of its borrowings and other payables in foreign currency. The functional currency of the Company is Indian Rupee. The company mitigates the currency risk with natural hedge arising on export of goods and services.

#### CAPITAL MANAGEMENT

The Company's objective for capital management is to maximize shareholder wealth, safeguard business continuity and support the growth of the Company. The Company determines the capital management requirement based on annual operating plans and long term and other strategic investment plans. The funding requirement are met through equity, borrowings and operating cash flows required.

The company's Debt Equity ratio is as follows:

Particulars	31.03.2018	31.03.2017
Total Debt	3100.32	6473.94
Total Equity	2078.93	1738.06
<b>Debt Equity Ratio</b>	<b>1.49:1</b>	<b>3.72:1</b>

#### 2.40 Contingent Liabilities and Commitments:

The following are the details of contingent liabilities and commitments:

Particulars	31.03.2018	31.03.2017
<b>Contingent Liabilities</b>		
a) Claims against the company/disputed liabilities not acknowledged as debts		
Income Tax	-	-
b) Guarantees		
Bank Guarantees	13.79	10.13
<b>Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for	2.42	2.42







**VAMA INDUSTRIES LIMITED**

CIN:L72200TG1985PLC041126

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

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

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

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

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

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 33rd Annual General Meeting of the company, to be held on Wednesday, the 26th day of September, 2018 at 10.00 A.M. at Hotel Inner Circle, Raj Bhavan Road, Somajiguda, Hyderabad and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolutions	For	Against
1. Adoption of Financial Statement (Standalone & Consolidated) for the FY ended 31st March, 2018.		
2. Declaration of Dividend.		
3. Re-appointment of Mrs. R. Rama Sravanthi to the office of Director of the Company.		
4. Appointment of M/s. V N S S & Associates Chartered Accountants as statutory auditors		
5. Re-Appointment of Mr. V. Atchyuta Rama Raju to the office of Managing Director		
6. Re-Appointment of Mr. V. Rajam Raju to the office of Executive Director		
7. Appointment of Mr. V. Srinivas as an Independent Director.		
8. Appointment of Mr. K. V. Krishna Rao as an Independent Director		

Signed this ..... day of ..... 2018.

Affix  
Revenue  
Stamp

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

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



# VAMA INDUSTRIES LIMITED

CIN: L72200TG1985PLC041126

Regd. Off. Ground Floor, B-12, Madhura Nagar, Hyderabad - 500038

Phone: +91 40 6661 5534 / 6661 9919, Fax: 040-23708672

e-mail: investorservices@vama.co.in; website: www.vamaind.com

## BALLOT FORM

Serial No. :

S. No.	Particulars	Details
(1)	Name and Registered Address : of the Sole / First named Shareholder	
(2)	Name(s) of the Joint Holder(s) : (If any)	
(3)	Registered Folio No./ : DPID No. and Client ID No.	
(4)	Number of Share(s) held :	

I/we hereby exercise my/our vote in respect of resolution(s) set out in Notice of Thirty Third Annual General Meeting (AGM) to be held on Wednesday, 26th September 2018 by recording my/our assent or dissent to the said resolutions by placing the ( ☐ ) in the appropriate box below:

Item No.	Description	No. of Shares	(For) I/We assent to the Resolution	(Against) I/We dissent to the Resolution
1.	Adoption of Financial Statement (Standalone & Consolidated) for the FY ended 31st March, 2018.			
2.	Declaration of Dividend.			
3.	Re-appointment of Mrs R. Rama Sravanthi (DIN: 07098278) to the office of Director of the Company.			
4.	Appointment of M/s. V N S S & Associates Chartered Accountants as statutory auditors of the Company			
5.	Re appointment of Mr. V. Atchyuta Rama Raju (DIN: 00997493) to the office of the Managing Director of the Company			
6.	Re appointment of Mr. V. Rajam Raju (DIN: 01314420) to the office of Executive Director of the Company			
7.	Appointment of Mr. V. Srinivas (DIN: 08050605) as an Independent Director			
8.	Appointment of Mr. K. Venkata Krishna Rao (DIN: 01889382) as an Independent Director			

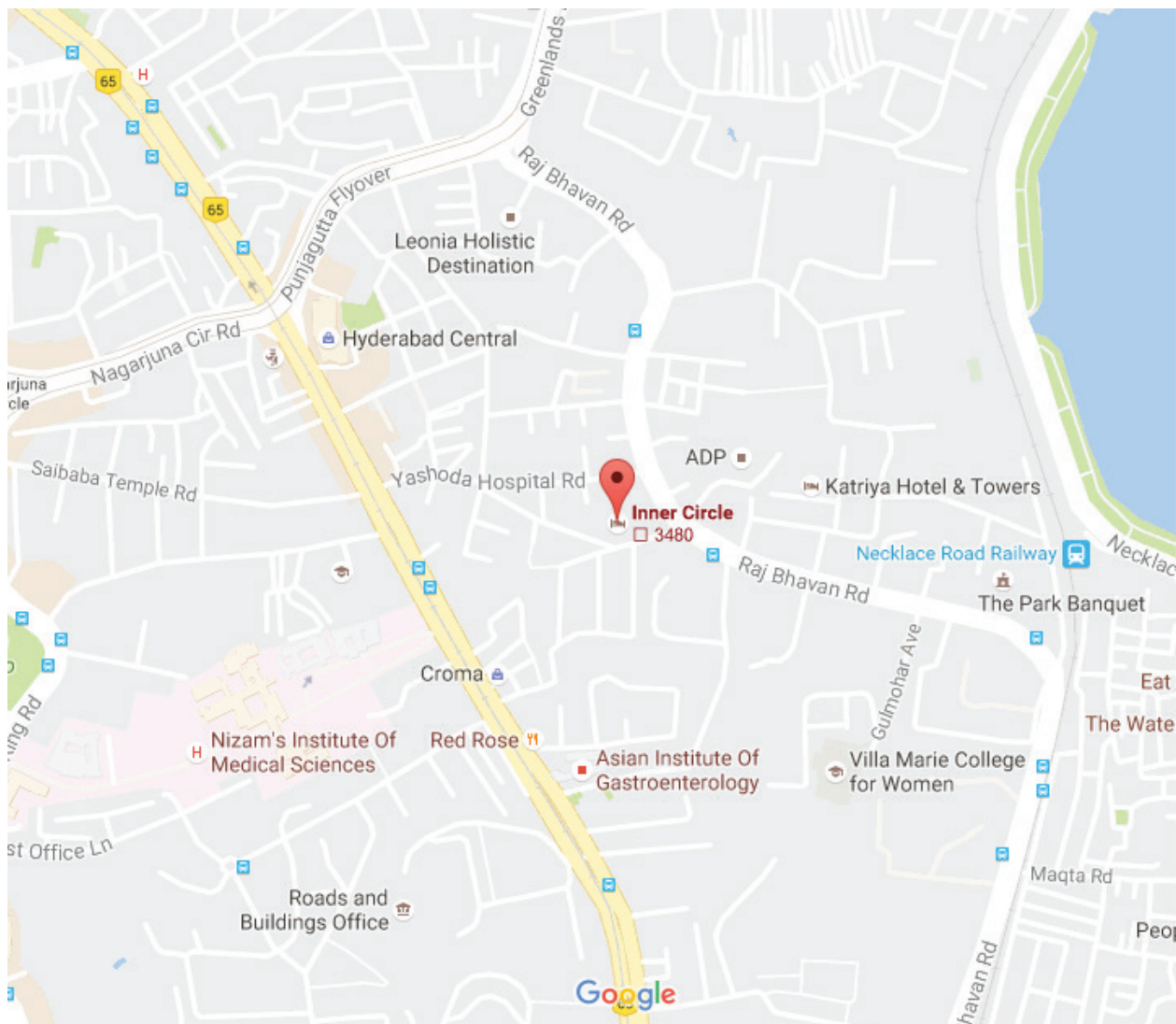
Place: \_\_\_\_\_

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

Signature of Shareholder

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

## ROUTE MAP FOR VENUE OF AGM



*If undelivered please return to:*

**VAMA INDUSTRIES LIMITED**

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