

**Board of Directors**

J. S. R. Durga Prasad	Chairman
J. Murali Krishna	Managing Director
V. Umapathi	Director
Dr. G.T. Murthy	Director
B. Locabhiram	Director

**Auditors:**

Mahesh, Virender and Sriram  
Chartered Accountants  
6-3-788-36 & 37 A  
Durga Nagar Colony, Ameerpet,  
Hyderabad - 500 016

**Bankers:**

Axis Bank Ltd  
State Bank of India  
State Bank of Mysore

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**NOTICE**

Notice is hereby given that the 16<sup>th</sup> Annual General Meeting of the members of VEDAVAAG SYSTEMS LIMITED will be held on 29<sup>th</sup> September, 2014 at 11.00 AM at FAPCCI, Surana Udyog Auditorium, Red Hills, Hyderabad – 500004 to transact the following business:

**Ordinary Business:**

1. To receive, consider, approve and adopt the audited Balance Sheet as on 31st March, 2014 and Profit and Loss Account of the Company for the year ended 31st March, 2014 and Reports of the Directors' and Auditors' thereon.
2. To appoint Sri J.S.R. Durga Prasad ((holding DIN No. 00016037) as Director who is liable to retire by rotation and being eligible offers himself for reappointment.
3. To appoint M/s Mahesh, Virender and Sriram as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

**Special Business:**

4. To consider and if thought fit to pass with or without modification, the following resolution as a special resolution.

Re-appointment of Sri J. Murali Krishna as Managing Director of the Company:

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V of the Companies Act, 2013 and subject to such other approvals and consents as may be required, the consent and approval of the Company, be and is hereby accorded to the re-appointment of Sri J. Murali Krishna (holding DIN Number 00016054) as Managing Director in the whole time employment of the Company for a period of five years with effect from 24.01.2014 on the terms and conditions, remuneration, commission, perquisites/ allowances as mentioned below:

- A. Salary : Rs.1,20,000/- per month and Variable pay of Rs.30,000/- per month.
- B. Commission : @ 1% on the net profits of the Company for each/every financial year.

Place: Hyderabad  
Date : 30.08.2014

By order of the Board  
Sd/  
J. Murali Krishna  
Managing Director

**NOTES:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy and vote instead of himself / herself and such a proxy need not be a member of the Company. The proxy forms in order to be valid shall be lodged with the Company not later than 48 hours before the meeting.
2. A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
3. The Share Transfer Register and Register of members of the Company will remain closed from 26<sup>th</sup> September, 2014 to 29<sup>th</sup> September, 2014 (both days inclusive).
4. Members / Proxies attending the meeting are requested to duly fill in and sign in the enclosed attendance slip with their copy of Annual Report to the Meeting.
5. Members who hold their shares in dematerialized form are requested to bring their Client ID and DP numbers for easy identification of attendance at the meeting.
6. Shareholders are requested to intimate immediately any change in their address and bank account details registered with the Company in case of physical form and in case of demat form to their DP holders directly.
7. Pursuant to the requirements of the Listing Agreement of Stock Exchanges on Corporate Governance, the information about the Directors proposed to be reappointed is given in the annexure to the Notice.
8. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
9. The copy of Memorandum & Articles of Association of the Company is available for inspection by the members on any working hours of the Company and also at the place of meeting till conclusion of meeting.
10. Voting through electronic means:  
In compliance with provision of section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 16<sup>th</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting services provided by Central Depository Services (India) Limited (CDSL).
11. The Company has appointed Mrs. P. Renuka, Company Secretary in practice as scrutinizer for conducting the e-voting process for the Annual General Meeting in a fair and transparent manner.

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

In case of members receiving e-mail:

- (i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "VEDAVAAG SYSTEMS LIMITED" from the drop down menu and click on "SUBMIT"
- (iv) 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.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) 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.
- (vii) If you are a first time user follow the steps given below:

<b>For Members holding shares in Demat Form and Physical Form</b>	
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)- <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#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <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.</li> </ul>

- (viii) After entering these details appropriately, click on “SUBMIT” tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <VEDAVAAG SYSTEMS LIMITED> on which you choose to vote.
- (xii) 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.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) 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.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
  - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
  - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.

- The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

**In case of members receiving the physical copy:**

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (B) The voting period begins on Monday, September 22, 2014 at 9.00 A.M and ends on Wednesday, September 24, 2014 at 6.00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 22<sup>nd</sup> August, 2014 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

13. Brief resume of Directors proposed to be re-appointed is mentioned hereunder as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges.

Sri J.S.R. Durga Prasad: Sri J.S.R. Durga Prasad, FCA, AICWA aged 55 years, is the Promoter Director of the Company. He is the Proprietor of M/s. Durga Prasad Associates, Chartered Accountants and having experience in Taxation, project Finance and Audit. He was formerly with Navaratna Public Sector Undertaking – Bharat Heavy Electricals Limited.

Sri J. Murlai Krishna: Sri. J. Murali Krishna aged 53 years, is a Master in Business Administration from Jamnalal Bajaj Institute of Management Studies, Mumbai and Entrepreneur with extensive experience in the field. He is incharge of the affairs of the Management since inception of the Company and only the Managing Director (Promoter) at the Board level who expanded the activities of the Company.

Place: Hyderabad

Date : 30.08.2014

By Order of the Board

Sd/-

J. Murali Krishna  
Managing Director

**STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013  
("the Act")**

**The following Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:**

**Item No. 4 :**

Sri J. Murali Krishna: Sri. J. Murali Krishna aged 53 years, is a Master in Business Administration from Jamnalal Bajaj Institute of Management Studies, Mumbai and Entrepreneur with extensive experience in the field. He is incharge of the affairs of the Management since inception of the Company and only the Managing Director (Promoter) at the Board level who expanded the activities of the Company.

Copy of the draft letter for appointment of Sri. J. Murali Krishna as Managing Directors setting out the terms and conditions are available for inspection by members at the Registered Office of the Company.

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

Sri. J. Murali Krishna, Sri. J.S.R Durga Prasad and their relatives may be deemed to be interested in the resolutions set out at item no. 4 of the Notice, to the extent of their shareholding in the Company.

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

The Board recommends the Special Resolution set out at Item No. 4 of the Notice for approval by the shareholders.

**DIRECTORS REPORT**

The Directors have pleasure in presenting their 16<sup>th</sup> Annual Report together with the Audited Accounts for the financial year ended 31<sup>st</sup> March 2014.

**FINANCIAL RESULTS:****(Rs. in Lakhs)**

<b>Particulars</b>	<b>2013-14</b>	<b>2012-13</b>
Total Income	<b>6299.00</b>	<b>5062.66</b>
Profit before Interest, Depreciation and Taxation	<b>1055.32</b>	<b>871.20</b>
Interest	<b>10.92</b>	<b>20.17</b>
Depreciation	<b>666.26</b>	<b>475.18</b>
Extraordinary Items	-	-
Profit before Taxation	<b>378.14</b>	<b>375.85</b>
Provision for Taxation	<b>130.69</b>	<b>8.94</b>
Profit after Taxation	<b>247.45</b>	<b>366.91</b>
Balance brought forward from previous year	<b>907.46</b>	<b>540.55</b>
Amount available for the appropriations	<b>1154.91</b>	<b>907.46</b>
Surplus carried forward	<b>1154.91</b>	<b>907.46</b>

**BUSINESS OUTLOOK AND MANAGEMENT DISCUSSION:**

Your directors are pleased to share with you that your Company has completed Sixteen years and achieved a turnover of Rs.63 Cr.

**E-Governance Services:**

The Company continued to get good e-governance orders for projects such as National population register and biometric data collection for Aadhaar Card generation and has a healthy Order Book position.

With the parliament elections and followed by government change of stand from UID to NPR and back we are impacted in the last quarter of the year under consideration and current year. However, the company is in the process of realigning all its resources and is confident of streamlining the operations in the current year to achieve performance more than last year.

**Financial Inclusion:**

The Company is associated with State Bank of India, State Bank of Patiala, Punjab National Bank, Central Bank Of India and Bank of Baroda and has transaction volumes of over Rs 400 Cr in the last year with an account holder base of over 5 lacs. The Company is aggressively pursuing this direction to expand its operations to other Hindi Speaking States apart from Bihar.



**FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:****Share capital:**

The paid up share capital now stands at Rs.9,35,00,000/- represented by 93,50,000 equity shares of Rs.10/-each.

**Reserves and surplus:**

During the year under review the reserves and surplus stood at Rs.1891.59 lakhs as compared to Rs.1644.14 lakhs in the previous year.

**Dividend on Equity:**

Your Directors do not recommend any appropriation towards dividend on Equity Share Capital for the year ended 31<sup>st</sup> March, 2014.

**Fixed Deposits:**

The Company has not invited / accepted any fixed deposits within purview of Section 58 A during the year under review.

**DIRECTORS RESPONSIBILITY STATEMENT:**

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following in terms of Section 217 (2AA) of the Companies Act, 1956.

- i. That in accordance with the preparation of the accounts for the financial year ended 31<sup>st</sup> March, 2014, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. That 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 profit of the Company for the year under review.
- iii. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. That the Directors have prepared the annual accounts on a going concern basis.

**STATUTORY AUDITORS:**

The Auditors, M/s Mahesh, Virender & Sriram, Chartered Accountants, Hyderabad, retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has received letter from the Auditors to the effect that their appointment as Auditors, if made, would be within the limits under Section 224 (1-B) of the Companies Act, 1956.

**REPLIES TO AUDITORS' REPORT:**

The company is in the process of valuing the employee retirement benefits by actuarial valuation and shall provide for the same on completion of the assessment.

Reconciliation of customer/supplier accounts is a continuous ongoing process and any discrepancies shall be rectified in due course.

**CASH FLOW STATEMENT:**

A Cash Flow Statement for the year ended 31<sup>st</sup> March, 2014 is attached with the Annual Audited Accounts of the Company.

**LISTING INFORMATION:**

The Securities of the Company are listed with and traded in dematerialized form at Bombay Stock Exchange Ltd from March 17<sup>th</sup>, 2009 onwards. The BSE Scrip Code is 533056 and ISIN No of the Company is INE359B01010. The Company has paid the Annual Listing Fees for the year 2014-15 to the Bombay Stock Exchange Ltd.

**CORPORATE GOVERNANCE:**

The Corporate Governance report is set out as Annexure to this Report.

**ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE:**

The particulars as prescribed under Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988:

**A. Conservation of Energy:**

The operations of the Company involve low energy consumption. Adequate measures have, however, been taken to conserve energy.

**B. Technology Absorption:**

Since business and technologies are changing constantly, investment in research and development activities is of paramount importance. Your Company continues its focus on quality up gradation of product and services development.

**C. Foreign Exchange Income and Out go:**

Rs. in Lakhs

Foreign Exchange	2013-14	2012-13
Income	-	58.93
Out go	-	-

**PERSONNEL:**

As regards, information pursuant to Section 217(2AA) of the Companies Act, 1956 read with Companies (particulars of employees) Rules, 1975 (as amended), there are no employees governed by the said provisions.

**INDUSTRIAL RELATIONS:**

Industrial relations have been cordial and your Directors appreciate the sincere and efficient services rendered by the employees of the Company at all levels towards the successful working of the Company.

**INTERNAL CONTROLS SYSTEMS AND THEIR ADEQUACY:**

Adequate internal control systems are in vogue commensurate with the size of the operations of the organization. Continuous efforts are being made by constant review to improve the same.

**DECLARATION:**

The Company is filing all Forms and Returns with the Registrar of Companies as required under the Companies Act, 1956. The Company has not committed any of the defaults specified under Section 274 (1)(g) of the Companies Act, 1956 (as amended by the Companies Act, 2000) disqualifying its Directors to act as Directors of other Public Limited Companies.

**APPRECIATION:**

Your Directors take this opportunity to thank all the investors, business partners, clients, bankers, regulatory and Governmental authorities, stock exchanges and employees for their continued support and confidence in the Company.

For & on behalf of the Board

Sd/

Sd/

Place: Hyderabad

J S R Durga Prasad

J Murali Krishna

Date : 30.08.2014

Chairman

Managing Director

**CAUTIONARY STATEMENT:**

Statements made in the Management Discussion and Analysis Report relating the Company's objectives, projections, outlook, expectations, estimates etc., may constitute 'forward looking statements' within the meaning of applicable laws and regulations. These statements are based on certain assumptions in respect of future events and Company assumes no responsibility in case the actual results differ materially due to change in internal or external factors.

**CORPORATE GOVERNANCE REPORT**

In terms of the amended Clause 49 of the Listing Agreement, compliance with the requirement of Corporate Governance is set out below:

**1. Company's Philosophy on Code of Governance:**

Corporate Governance contains a set of principles, process and systems to be followed by Directors, management and all employees of the Company for increasing the shareholders' value keeping in view of other stakeholders. While adhering to the above, the Company is committed to integrity, accountability, transparency and compliance with laws in all dealings with the Government, Customers, Employees, other Stakeholders and General public.

**2. Board of Directors:****Composition of Board**

<b>Category</b>	<b>No. of Directors</b>	<b>%</b>
Executive Promoter Directors	1	20
Non-Executive Promoter Directors	1	20
Independent Non-Executive Directors	3	60
<b>Total</b>	<b>5</b>	<b>100</b>

Sri J.S.R. Durga Prasad chaired all the Board Meetings and Annual General Meeting. The Chairman being a Non-Executive Director (Promoter) of the Company, the Board has two-thirds of its strength comprising of Independent and non-executive Directors. Non-executive Directors do not have any pecuniary relationship with the Company except as stated below:

<b>S.No.</b>	<b>Name of the Director</b>	<b>No. of Equity Shares held</b>
1.	Sri V. Umapathi	<b>33500</b>
2.	Sri G. T.Murthy	<b>1000</b>
3.	Sri B. Locabhiram	—

The functions, responsibility, role and accountability of the Board are well defined. The detailed reports of the Company's activities are placed before the Board for effective decision-making. Various Committees support the Board in its functions. The Board of Directors and its Committees meet at regular intervals. The Board has constituted three Committees viz., Audit Committee, Share Transfer and Shareholders' Grievance Committee and Remuneration Committee.

**Board Meetings held during the Year 2013-14:**

The Company's Corporate Governance Policy requires the Board to meet at least Four times in a year. The Board met Eight (8) times in the year 2013-14 on 21st May, 2013, 28<sup>th</sup> May, 2013, 12<sup>th</sup> August, 2013, 30<sup>th</sup> August, 2013, 26<sup>th</sup> September, 2013, 14<sup>th</sup> November, 2013, 14<sup>th</sup> February, 2014 and on 28<sup>th</sup> March, 2014.

Sl. No.	Name	Category	Attendance		Particulars of other Directorships		
			B.M	AGM	Director-ships*	Commi-tee	Chair-man
1.	Sri J.S.R.Durga Prasad Chairman	Promoter Non-Executive	8	Yes	2	-	-
2.	Sri J.Murali Krishna Managing Director	Promoter Executive	8	Yes	2	-	-
3.	Dr.G.T.Murthy	Independent Non-executive	3	Yes	-	-	-
4.	Sri V.Umapathi	Independent Non-executive	6	Yes	4	-	-
5.	Sri B Locabhiram	Independent Non-executive	3	No	-	-	-

\* Alternate Directorships, Directorships in Private Bodies and Membership in governing councils, chambers and other bodies not considered.

**Information on Director(s) seeking re-election at the ensuing Annual General Meeting:**

Sri J.S.R. Durga Prasad retires by rotation and being eligible offers himself for reappointment as Director. The information details are provided under Corporate Governance Code as under:

Sri J.S.R. Durga Prasad FCA, AICWA aged 55 years, is the Promoter Director of the Company. He is the Proprietor of M/s. Durga Prasad Associates, Chartered Accountants and having

experience in Taxation, project Finance and Audit. He was formerly with Navaratna Public Sector Undertaking – Bharat Heavy Electricals Limited. Directors recommended the reappointment of Sri J.S.R. Durga Prasad as Director on the Board of the Company.

Sri J. Murali Krishna: Sri. J. Murali Krishna aged 53 years, is a Master in Business Administration from Jamnalal Bajaj Institute of Management Studies, Mumbai and Entrepreneur with extensive experience in the field. He is incharge of the affairs of the Management since inception of the Company and only the Managing Director (Promoter) at the Board level who expanded the activities of the Company.

### 3. Audit Committee:

During the year, the Audit Committee was reconstituted and Committee consists of 1. Sri V. Umapathi – Chairman (Independent Director), 2. Sri G.T. Murthy - Member (Independent Director), 3. Sri J.S.R. Durga Prasad – Member (Promoter Director). The terms of the reference of the Audit Committee specified by the Board are as contained in Clause 49 of the Listing Agreement.

#### Details of the meetings:

Five (5) Audit Committee meetings were held during the year 2013-14 on 21<sup>st</sup> May, 2013, 28<sup>th</sup> May, 2013, 12<sup>th</sup> August, 2013, 14<sup>th</sup> November, 2013 and on 14<sup>th</sup> February, 2014.

S.No	Name of Director	Meetings held	Meetings Attended
1	Sri V.Umapathi	5	5
2	Sri J.S.R.Durga Prasad	5	5
3	Sri G. T. Murthy	5	5

The Statutory Auditors also attended the above meetings on invitation.

### 4. Remuneration Committee:

The Remuneration Committee, which is a non-mandatory requirement of Clause 49 was constituted. The Committee comprises of two Independent Directors and one Promoter Director, namely:

S.No	Name of Director	Meetings held	Meetings Attended
1	Sri V.Umapathi	1	1
2	Sri J.S.R.Durga Prasad	1	1
3	Sri G. T. Murthy	1	1

During the year the Committee held its meeting on 14<sup>th</sup> February, 2014.

**Remuneration Policy:**

The Remuneration Committee recommends the remuneration package for the Managing Director and other senior executives. In framing the remuneration policy Committee gave due consideration to the remuneration practices of companies of similar size and stature, industry and nature of responsibilities.

Subject to the approval of the Board and of the Company in General Meeting and such other approvals as may be necessary, the Managing Director is paid remuneration. The present remuneration packages of the Company to the Managing Director includes salary, perks etc.

Remuneration paid to Directors during 2013-14:

i) Managing Director:

Sl.No.	Name	Position	Salary Rs. (PA)	Commission HRA	P.F & (PA)	Total Rs.
1.	J. Murali Krishna	Managing Director	12,00,000	-	-	12,00,000

ii) Non Executive Directors:

The sitting fee is paid to the Directors is Rs.3000/- (Rupees three thousand only) for attending each Board Meeting, apart from the reimbursement of conveyance/incidental expenses. The Company has not granted any stock options to its Directors during the year.

Sl. No	Name of the Director	Total Sitting Fee Paid
1	Sri J S R Durga Prasad	Rs.24000/-
2	Sri V Umpathi	Rs.18000/-
3	Sri G T Murthy	Rs.9000/-
4	Sri B Locabhiram	Rs.9000/-

**5. Investors' Grievance & Share Transfers Committee:**

The Board of Directors constituted Investors' Grievance & Share Transfers Committee comprising of Sri J. Murali Krishna, Sri V. Umapathi and Sri G.T. Murthy, Chairman of the meeting. The Committee, inter-alia, oversees and reviews all matters connected with the investor services and ensure that the shareholders grievances are redressed in time.

Two(2) Committee Meetings were held on 12.08.2013 and on 14.02.2014 and attended by all members.

The Company received one query during the year 2013-2014 and it was replied.

There were no pending valid requisitions for transfer of shares as on 31<sup>st</sup> March, 2014.

#### 6. General Body Meetings:

- a) The following are details of the location and time of the last three Annual General Meetings (AGM) of the Company:

AGM	Date of AGM	Time of Meeting	Venue of the meeting	No. of Special Resolutions passed
13 <sup>th</sup>	29-09-2011	10.30 AM	Royal Function Hall Moti Nagar, Hyderabad	-
14 <sup>th</sup>	28-09-2012	10.30 AM	Royal Function Hall Moti Nagar, Hyderabad	4
15 <sup>th</sup>	26.09.2013	10.30 AM	Royal Function Hall Moti Nagar, Hyderabad	-

- b) None of the resolutions had been proposed to be passed through postal ballot.
- c) No Extraordinary General Meeting was held during the year 2013-14.
- d) Information on Directors seeking re-appointment as required under Clause 49 VI (A) of Listing Agreement with Stock Exchanges is provided in the Notes to the Notice under the heading "Information on Directors seeking election / re-election at the ensuing Annual General Meeting."

#### 7. Disclosures:

- a) Materially significant related party transactions are disclosed at note no.23 of the accounts in the Annual Report.
- b) The Company has complied with all the mandatory requirements as specified in the Clause 49 to the extent these apply and extend to the Company.
- c) There were no strictures or penalties imposed by either SEBI or Stock Exchanges or any statutory authority for non-compliance of any matter relating to the Capital Market during the last three years.
- d) The Company has constituted a Remuneration Committee and also separately maintaining office of the Chairman at the Registered Office of the Company. Other non-mandatory requirements have not been adopted by the Company for the time being.
- e) At every Board Meeting, a statement of compliance with all laws, regulations as certified by the Managing Director is placed for noting by the Board. The Board reviews the compliance of all applicable laws and gives appropriate directions, wherever necessary.



**8. Means of Communication:**

The Quarterly, Half-yearly and Annual Results of the Company are sent to the Stock Exchanges, immediately after they are approved by the Board. These are also published in the prescribed proforma within 48 hours of the conclusion of the meeting of the Board, in the Newspapers - Business Standard (English) and Andhra Prabha (Telugu). Annual Report containing, inter-alia, Directors' Report, Auditors' Report, Audited Annual Accounts and other important information is circulated to Members and other entitled thereto.

**9. Share Holders Information:**

Annual General Meeting Date & Time      29th September, 2014 at 11.00 A.M  
Venue : At FAPCCI, Surana Udyog Auditorium,  
Red Hills, Hyderabad - 500004

Financial Calendar (Tentative & Subject to change):

Un-Audited results for Quarter ending 30 <sup>th</sup> September, 2014	15 <sup>th</sup> of November, 2014
Un-Audited results for Quarter ending 31 <sup>st</sup> December, 2014	15 <sup>th</sup> of February, 2015
Un-Audited results for Quarter ending 31 <sup>st</sup> March, 2015	15 <sup>th</sup> of May, 2015
Date of Book Closure	26th Sept. 2014 to 29 <sup>th</sup> Sept. 2014 (both days inclusive)
Dividend Payment Date	NA
Stock Exchanges where shares are listed	Bombay Stock Exchange Limited
BSE Scrip Code	533056
Demat ISIN Number for NSDL and CDSL	INE359B01010
CIN	L72200AP1998PLC029240
Outstanding ADRs/GDRs/Warrants/	NA
Any Convertible Instruments	Nil

**10. Market Price Data:**

Company's equity shares were listed on Bombay Stock Exchange Ltd from March 17<sup>th</sup>, 2009. High and Low (based on closing prices) and the number of shares traded in the financial year (2013-14) on BSE are:

Month	High	Low	No. of Shares Traded
Apr. - 2013	8.47	6.65	69,914
May - 2013	7.60	6.70	90,223
Jun. - 2013	7.16	6.20	41,919
July - 2013	8.25	6.87	25,693
Aug. - 2013	7.00	6.23	31,765
Sept. - 2013	7.00	6.15	75,222
Oct. - 2013	8.20	6.22	47,816
Nov. - 2013	9.20	7.00	55,380
Dec. - 2013	9.34	8.50	66,115
Jan. - 2014	9.34	8.25	60,144
Feb. - 2014	9.70	8.15	22,937
Mar. - 2014	8.88	7.50	34,988

**11. Demat Registrar and Share Transfer Agents:**

M/s. Venture Capital and Corporate Investments Pvt.Ltd, having its office at 12-10-167, MIG- 167, Bharat Nagar Colony, Hyderabad – 500 018. Tel. No: 040- 23818475/76 Fax No: 040-23868024 E-mail: [info@vccilindia.com](mailto:info@vccilindia.com) and [info@vccipl.com](mailto:info@vccipl.com), are the Company's Share Transfer Agents in both physical and dematerialized form.

**12. Dematerialization & Liquidity:**

Majority of the shares i.e. 92.25% of your Company were dematerialized as on 31<sup>st</sup> March, 2014. As the trading is being conducted in electronic form only, members are requested to go for dematerialization of shares.

a) Distribution of Shareholdings as on 31<sup>st</sup> March 2014:

Shares	Holders		Shares	
	Number	% of Total	No of Shares	% of Total
Upto - 500	3481	74.11	727416	7.78
501 - 1000	478	10.17	413193	4.42
1001 - 2000	304	6.47	478858	5.12
2001 - 3000	132	2.81	339824	3.63
3001 - 4000	58	1.23	215005	2.30
4001 - 5000	60	1.28	291456	3.12
5001 - 10000	88	1.87	669562	7.16
10001 and above	97	2.06	6214686	66.47
<b>Total</b>	<b>4698</b>	<b>100</b>	<b>9350000</b>	<b>100</b>

**13. Address for Shareholders' Correspondence:**

M/s. Venture Capital and Corporate Investments Pvt.Ltd; MIG-167, D.No.12-10-167, Bharat Nagar Colony, Hyderabad – 500 018, Ph: 040-23818475/76.

**14. Code of Conduct for the Board and Senior Management Personnel:**

The Company has laid down a Code of Conduct for all its Board Members and Senior Management Personnel of the Company. The Code of Conduct has been posted in the website of the Company. The said members will be affirming compliance with the Code on Annual Basis.

**15. Company's Policy on prevention of insider trading:**

Pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, the Company had framed a Code of Conduct for prevention of insider trading. Sri J. Murali Krishna, Managing Director is the Compliance Officer for this purpose. The code is applicable to all such employees of the Company who are expected to have access to the unpublished sensitive information relating to the Company and the same is being implemented as a self-regulatory mechanism.

**16. Nomination Facility:**

The Companies Act, 1956 provides facility for making nominations by shareholders in respect of their holding of shares. However large number of shareholders is yet to make nominations in respect of their holdings in physical form. Such nomination greatly facilitates transmission of shares from the deceased shareholder to his /her Nominee without having to go through the time consuming and cumbersome process of obtaining the Succession Certificate / Probate / Will. Therefore, it would be in the best interest of shareholders holding shares in Physical form as sole registered holders to make Nomination without any delay. The Nominee shall be the person in whom all the rights of transfer and / or amount payable in respect of the shares shall vest in the event of death of shareholder(s). A minor can also be a Nominee provided the name of the Guardian is given in the Nomination form.

The facility of Nomination is not available to Non-individual shareholder such as Bodies Corporate, Financial Institutions, Kartas of Hindu Undivided Family and Holders of Power of Attorney. Nominations will have to be made in the prescribed form (Form 2B) is annexed to this report.

Shareholders are requested to submit their Nomination Forms to the Company's Share Transfer Agents M/s. Venture Capital & Corporate Investments Ltd; MIG-167, D.No.12-10-167, Bharat Nagar Colony, Hyderabad – 500 018. Nomination facility in respect of shares held in Electronic form is also available with the Depository Participant (DP) as per the Byelaws and Business Rules applicable to NSDL and CDSL.

**ANNUAL CERTIFICATION**

- a. We have reviewed the financial statements and the cash flow statement for the year 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 the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal, violate 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 the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the Auditors and the Audit Committee
  - i. Significant changes in internal controls 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 we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Hyderabad

Date : 30.08.2014

For Vedavaag Systems Limited,

Sd/

J. Murali Krishna  
Managing Director

**CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT**

**(Declaration under clause 49 (I)(D))**

This is to certify that:

1. In pursuance of the provisions of Clause 49 (I)(D) of the Listing Agreement, a Code of Conduct has been laid down by the Company for all the Board members and the Senior Management Personnel of the Company.
2. The said Code of Conduct is also uploaded on the website of the Company.
3. All the Board Members and Senior Management Personnel have affirmed having complied with the said Code of Conduct during the year ended 31<sup>st</sup> March, 2014.

Place: Hyderabad

Date : 30.08.2014

For Vedavaag Systems Limited,

J. Murali Krishna

Managing Director

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

**To**

**The Members of**

**Vedavaag Systems Limited**

We have examined the compliance of conditions of corporate governance of M/s. Vedavaag Systems Limited for the year ended on 31<sup>st</sup> March 2014, as stipulated in clause 49 of the Listing agreement of the company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the company for ensuring compliance with the conditions of corporate governance as stipulated in the said clause. 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, and based on the representations made by the directors and the management, we certify that the company has complied with the conditions of corporate governance as stipulated in the above mentioned listing agreement.

We state that no investor grievances are pending for a period exceeding on month against the company as per records maintained by the shareholders / investors grievances committee.

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 Mahesh, Virender & Sriram  
Chartered Accountants  
(Firm's Registration No.001939S)

Sd./-  
(R.V.Chalam)  
Partner  
M.No.21423

Place : Hyderabad  
Dater : 31.05.2014

## INDEPENDENT AUDITOR'S REPORT

To the Members of  
M/s Vedavaag Systems Limited

### **Report on the Financial Statements**

We have audited the accompanying financial statements of M/s Vedavaag Systems Limited which comprise the Balance sheet as at 31<sup>st</sup> March, 2014, the statement of Profit and loss and the Cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 (the Act) read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the



reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

Subject to note No: 23 Item no – 9 Non receipt of confirmation of balances from parties and Item No 10 Non provision of liability in respect of employee retirement benefits

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the balance sheet, of the state of affairs of the Company as at 31.03.2014;
- (ii) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
- (iii) in the case of the cash flow statement, of the cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 (the Order), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required under provisions of section 227(3) of the Act, we report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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, Statement of Profit and Loss and Cash flow statement dealt with by this report are in agreement with the books of account;

- d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash flow statement comply with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13<sup>th</sup> September of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act
- e. On the basis of written representations received from the Directors as on 31.03.2014, and taken on record by the Board of Directors, none of the directors are disqualified as on 31<sup>st</sup> March, 2014 from being appointed as director in terms of section 274(1)(g) of the Companies Act, 1956.

For Mahesh, Virender & Sriram  
Chartered Accountants  
(Firm's Registration No.001939S)

Sd./-

(R.V.Chalam)

Partner

M.No.21423

Place : Hyderabad

Dater : 31.05.2014

**ANNEXURE TO INDEPENDENT AUDITORS REPORT**

Referred to in paragraph 3 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 on the basis of available information.  
(b) The fixed assets have been physically verified by the management during the year. No material discrepancies were noticed on such physical verification.  
(c) The Company has not disposed of substantial part of fixed assets during the year.
- ii. (a) As explained to us, inventories have been physically verified by the management at regular intervals during the year.  
(b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
(c) The Company has maintained proper records of inventories. As explained to us there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
- iii. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.  
(b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets and also with regard to the sale of goods. During the course of our audit, we have not observed any major weaknesses in internal controls.
- v. (a) According to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements that need to be entered into in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.

- (b) According to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rupees Five Lakhs in respect of any party have been made at prices which are reasonable having regard to prevailing market price at the relevant time.
- vi. According to the information and explanations given to us the Company has not accepted any deposits from the public within the meaning of section 58A & 58AA of the Companies Act, 1956.
- vii. In our opinion, the Internal Audit functions carried out during the year have been commensurate with its size of the Company and the nature of its business.
- viii. According to the information and explanations given to us the Company is not required to maintain cost records under section 209(1)(d) of the Companies Act, 1956 in respect of the services carried out by the Company.
- ix. (a) According to the information & explanations given to us and the records of the Company examined by us, in our opinion the Company is generally regular in depositing the undisputed statutory dues including Provident Fund, Employees' State Insurance, Sales Tax, Customs Duty, Excise Duty, Cess, Investor Education and Protection Fund and other material statutory dues with the appropriate authorities.  
(b) According to the information & explanations given to us there were no undisputed statutory amounts payable as at 31<sup>st</sup> march 2014 for a period of more than six months from the date they became payable.
- x. The Company does not have accumulated losses and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xi. According to the information and explanations given to us and the records of the Company examined by us, we are of the opinion that the Company has not defaulted in repayment of dues to banks and financial institutions.
- xii. In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion and according to the information and explanations given to us, the provisions of any special statute applicable to a chit fund or a nidhi/ mutual benefit fund/ societies are not applicable to the Company.

- xiv. In our opinion and according to the information and explanations given to us the Company is not dealing or trading in shares, securities, debentures and other investments.
- xv. In our opinion and according to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from Banks or Financial Institutions.
- xvi. According to the information and explanations given to us, the company has not raised any Term Loans during the year.
- xvii. According to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, funds raised on a short term basis have prima facie not been used during the year for long term investment, and vice versa.
- xviii. According to the information and explanations given to us, the Company has not made any preferential allotment of shares during the year to parties and Companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- xix. The Company has not issued any Debentures & hence the creation of securities in respect of the same does not arise.
- xx. The Company has not raised any money by public issues during the year.
- xxi. In our opinion and according to the information and explanations given to us, considering the size and nature of the Company's operations, no fraud of material significance on or by the Company has been noticed or reported during the course of the audit.

For Mahesh, Virender & Sriram  
Chartered Accountants  
(Firm's Registration No.001939S)

Sd./-  
(R.V.Chalam)  
Partner  
M.No.21423

Place : Hyderabad  
Dater : 31.05.2014

**VEDAVAAG SYSTEMS LIMITED**  
**(formerly SARK SYSTEMS INDIA LIMITED)**  
403, West Block, Siri Sai Orchid, Madhapur, Hitec City, Hyderabad 500 081

**BALANCE SHEET AS AT 31ST MARCH, 2014**

Particulars	Note No	AS AT 31.03.2014 Rs.	AS AT 31.03.2013 Rs.
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's Funds</b>			
Share Capital	2	93,500,000	93,500,000
Reserves and Surplus	3	189,158,879	164,413,687
Share Application Money Pending Allotment		44,040,000	18,635,000
<b>Non-Current Liabilities</b>			
Deferred tax liabilities (Net)	4	30,709,095	25,206,035
Other Long term liabilities	5	25,445,759	53,056,627
<b>Current Liabilities</b>			
Trade payables	6	449,605,651	144,863,219
Other current liabilities	7	80,030,205	104,451,094
Short-term provisions	8	7,565,726	8,596,867
<b>Total</b>		<b>920,055,315</b>	<b>612,722,529</b>
<b>Assets</b>			
<b>Non-current assets</b>			
<i>Fixed assets</i>			
Tangible assets	9	174,546,821	133,501,251
Capital work-in-progress	10	138,442,237	13,456,854
Non-current investments	11	200,000	200,000
Other non-current assets			
<b>Current assets</b>			
Current investments			
Inventories	12	169,751,352	3,564,528
Trade receivables	13	274,041,455	265,583,143
Cash and cash equivalents	14	82,387,210	21,313,302
Short-term loans and advances	15	30,059,241	56,492,913
Other current assets	16	50,626,999	118,610,538
<b>Total</b>		<b>920,055,315</b>	<b>612,722,529</b>

Significant Accounting Policies

1

The accompanying notes 1 to 23 are an integral part of the financial statements

As per our report of even date

**for MAHESH, VIRENDER & SRIRAM**

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

Chartered Accountants

Firm Registration No.001939S

Sd/-

**R.V.CHALAM**

Partner

Sd/-

**J.S.R.DURGA PRASAD**

Chairman

Sd/-

**J.MURALI KRISHNA**

Managing Director

Mem.No.21423

Place : Hyderabad

Date : 31.05.2014

**VEDAVAAG SYSTEMS LIMITED  
(formerly SARK SYSTEMS INDIA LIMITED)**

403, West Block, Siri Sai Orchid, Madhapur, Hitec City, Hyderabad 500 081

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2014**

Particulars	Note No	for the year ended 31.03.2014 Rs.	for the year ended 31.03.2013 Rs.
<b>Income:</b>			
Revenue from operations	17	624,523,562	505,115,854
Other Income	18	5,376,434	1,150,437
<b>Total Revenue</b>		<b>629,899,996</b>	<b>506,266,291</b>
<b>Expenses:</b>			
Project Expenses	19	454,490,780	318,164,379
Employee benefit expense	20	62,508,898	20,451,046
Financial costs	21	1,092,291	2,017,119
Depreciation and amortization expense	9	66,626,572	47,518,087
Other expenses	22	7,367,477	80,530,312
<b>Total Expenses</b>		<b>592,086,018</b>	<b>468,680,943</b>
<b>Profit before tax</b>		37,813,978	37,585,348
		37,813,978	37,585,348
<b>Tax expense:</b>			
Current tax		7,565,726	8,596,867
Deferred Tax		5,503,060	-7,702,978
<b>Profit(Loss) for the period</b>		24,745,192	36,691,459
<b>Earning per equity share:</b>			
Basic		2.65	3.92
Diluted		2.65	3.92

**Significant Accounting Policies**

1

The accompanying notes 1 to 23 are an integral part of the financial statements

As per our report of even date

**for MAHESH, VIRENDER & SRIRAM**

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

Chartered Accountants

Firm Registration No.001939S

Sd/-

Sd/-

**J.S.R.DURGA PRASAD**

Sd/-

**J.MURALI KRISHNA**

**R.V.CHALAM**

Chairman

Managing Director

Partner

Mem.No.21423

Place : Hyderabad

Date : 31.05.2014

**CASH FLOW STATEMENT**

		For the Year ended 31.03.2014	For the Year ended 31.03.2013
<b>A</b>	<b>Cash Flow from operating activities</b>		
	Profit before Tax	37,813,978	37,585,348
	Adjustments for:		
	Depreciation and amortisation expenses	66,626,572	47,518,087
	Interest Expenses	1,092,291	2,017,119
	Interest Income	(5,376,434)	(1,150,437)
	Operating Profit before working capital changes	100,156,407	85,970,117
	Adjustments for changes in:		
	Increase/(Decrease) in Inventories	(166,186,824)	(310,401)
	Increase/(Decrease) in Trade Receivables	(8,458,312)	(42,068,960)
	Increase/(Decrease) in Trade Payables	304,742,432	65,520,764
	Increase/(Decrease) in Other Current Liabilities & Provisions	(25,452,030)	105,631,716
	Increase/(Decrease) in Non Current Liabilities	(27,61-,868)	(20,400,000)
	Increase/(Decrease) in Loans & Other Current Assets	94,417,211	(118,605,082)
		171,451,609	(10,231,963)
	Income tax	(7,565,726)	(8,596,867)
	Cash generated from Operating activities	264,042,290	67,141,287
	A		
<b>B</b>	<b>Cash flow from Investing activities:</b>		
	Purchase of Fixed Assets and CWIP	(232,657,525)	(58,006,979)
	Interest Received	5,376,434	1,150,437
	Net Cash Flow from Investing Activities:	(227,281,091)	(56,856,542)
	B		
<b>C</b>	<b>Cash flow from Financing Activities:</b>		
	Increase in Share Capital	25,405,000	18,635,000
	Repayment of Short Term Borrowings	-	(11,473,181)
	Interest Paid	(1,092,291)	(2,017,119)
	<b>Net Cash flow from Financing Activities:</b>	24,312,709	5,144,700
	C		
<b>D</b>	<b>Net Cash inflow/(Outflow) (A+B+C)</b>	61,073,908	15,429,445
	Opening balance of cash and cash equivalent	21,313,302	5,883,857
	Closing balance of cash and cash equivalent	82,387,210	21,313,302



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**NOTES TO FINANCIAL STATEMENTS FOR THE  
YEAR ENDED MARCH 31, 2014**

**Note No. I**

Significant Accounting policies:

1. Basis of Accounting:
  - a) The financial statements have been prepared under the Historical convention and in accordance with applicable Accounting Standards issued by the Institute of Chartered Accountants of India and relevant presentational requirements of the Companies Act., 1956.
  - b) Accounting policies not specifically referred to otherwise are in accordance with prudent accounting principles.
  - c) All Income and Expenditure items having material bearing on the financial statements are recognised on accrual basis.
2. Fixed Assets: Fixed Assets are stated at cost including related incidental expenditure.
3. Capital Work in Progress Advance paid towards acquisition of Fixed Assets and the cost of Assets not put to use before the year end are disclosed under this head.
4. Depreciation Depreciation on fixed assets has been provided on Straight Line method and Depreciation is provided on pro-rata basis as per Schedule VI of Companies Act, 1956.
5. Revenue Recognition Revenue from technical services is recognised on a prorata basis over the period in which services are rendered.
6. Inventory Inventories are valued at cost or net realisable value whichever is lower.
7. Misc.Expenditure Preliminary expenses are amortised over a period of 5 (Five) years.
8. Provision for Taxation Provision is made for Income Tax annually based on the tax liability computed after considering tax allowances and exemptions.

- 9 Foreign Exchange Policy Fixed Assets and Long Term Liabilities are accounted at the rates prevailing on the dates of transactions Current Assets and Current Liabilities are accounted at Rate prevailing on the date of the Balance Sheets.
- All the Income items other than those pertaining to the Foreign Branches are accounted on the basis of Exchange rate prevailing on the dates of transactions.
- All the expenditure items during a month other than those pertaining to the Foreign Branch are reported at a rate that approximates the actual rate during that month.
- Sale proceeds are converted into Indian Rupees at the Rates prevailing on the date of receipt.
- Net Foreign Exchange difference on Foreign Currency Transactions is recognised in the Profit and Loss account during the year.
- 10 Retirement Benefits Contributions to Provident and Superannuation Funds are recognised as expense when incurred.
- Liability for gratuity and encashable leave are actuarially determined at the Balance Sheet date.
- 11 Deferred Tax Liability/Asset To provide and recognise deferred tax on timing differences between taxable income and accounting income subject to consideration of prudence.
- 12 Impairment of assets The carrying amount of assets are reviewed at each Balance Sheet date to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the estimated recoverable amount, impairment loss is recognised and assets are written down to their recoverable amount.

**NOTE NO : 2**

Share Capital	as at 31.03.2014		as at 31.03.2013	
	Number	Rs.	Number	Rs.
<b>Authorised</b>				
Equity Shares of Rs.10 Each	19,000,000	190,000,000	19,000,000	190,000,000
8% Preference Shares of Rs.10/-each	1,000,000	10,000,000	1,000,000	10,000,000
<b>Total</b>		<b>200,000,000</b>		<b>200,000,000</b>
<b>Issued, Subscribed &amp; paid up</b>				
Equity shares of Rs.10 Each	9,350,000	93,500,000	9,350,000	93,500,000
<b>Total</b>	<b>93,500,000</b>			<b>93,500,000</b>

- i. Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

Particulars	Number	Rs.	Number	Rs.
Shares outstanding at the beginning of the year	9,350,000	93,500,000	9,350,000	93,500,000
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
<b>Shares outstanding at the end of the year</b>	<b>9,350,000</b>	<b>93,500,000</b>	<b>9,350,000</b>	<b>93,500,000</b>

- ii. Terms/rights attached to equity shares, including restrictions on distribution of dividends and the repayment of capital.

Equity shares issued by the company are Equity Shares within the meaning of Section 85(2) of the Companies Act, 1956.

Each holder of equity share is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts.

The distribution will be in proportion to the number of equity shares held by the shareholders

Shares in the Company held by each share holder holding more than 5 percent shares specifying the number of shares.

Name of Share Holder	As at 31st March 2014		As at 31st March 2013	
	No of Shares Held	% of holding	No of Shares Held	% of holding
J.MURALI KRISHNA	1,598,712	17.10%	1,598,712	17.10%
KELLTON SECURITIES LTD.,	706,726	7.56%		

Notes to Financial Statements	As at 31st March 2014 Rs.	As at 31st March 2013 Rs.
<b>Note No - 3</b>		
Reserves & Surplus		
Capital Reserve	10,667,080	10,667,080
Securities Premium Reserve	63,000,000	63,000,000
<b>Surplus</b>		
<b>Opening Balance</b>	<b>90,746,607</b>	<b>54,055,148</b>
Net Profit / (Net Loss) for the current year	24,745,192	36,691,459
<b>Closing Balance</b>	<b>115,491,799</b>	<b>90,746,607</b>
<b>GRAND TOTAL</b>	<b>189,158,879</b>	<b>164,413,687</b>
<b>Note No:- 4</b>		
Deferred tax Liabilities (Net)		
Opening balance	25,206,035	32,909,013
Add: for the year	5,503,060	-7,702,978
<b>Total</b>	<b>30,709,095</b>	<b>25,206,035</b>
<b>Note No:- 5</b>		
Other Long term liabilities		
(a) Trade Payables	11,565,000	11,565,000
(b) Others	13,880,759	41,491,627
<b>Total</b>	<b>25,445,759</b>	<b>53,056,627</b>
<b>Short Term Borrowings</b>		
<b>Note No:- 6</b>		
Trade payables	449,605,651	144,863,219
<b>Total</b>	<b>449,605,651</b>	<b>144,863,219</b>
<b>Note No:- 7</b>		
Other current liabilities		
Other Payables	80,030,205	104,451,094
<b>Total</b>	<b>80,030,205</b>	<b>104,451,094</b>
<b>Note No:- 8</b>		
Short-term provisions		
Provision for Income Tax	7,565,726	8,596,867
<b>Total</b>	<b>7,565,726</b>	<b>8,596,867</b>

**Note No - 9  
Fixed Assets**

Item	Rate of depn.	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		01.04.2013	Additions	Deletions /Adj	31.03.2014	01.04.2013	Deletions /Adj	for the year	31.03.2014	31.03.2013	
Computer Hardware	16.21%	299,979,927	104,991,102	-	404,971,029	199,314,713	-	57,863,214	257,177,927	147,793,102	100,665,214
Computer software	16.21%	46,809,165	92,945	-	46,902,110	23,727,256	-	7,592,195	31,319,451	15,562,659	23,081,909
Library	4.75%	56,005	-	-	56,005	36,772	-	2,660	39,432	16,573	19,233
Air Conditioners	4.75%	90,108	-	-	90,108	76,132	-	4,280	80,412	9,696	13,976
Electrical Installations	4.75%	7,444,078	57,390	-	7,501,468	1,835,123	-	354,691	2,189,814	5,311,654	5,608,955
Office Equipment	4.75%	243,935	31,300	-	275,235	144,695	-	12,104	156,799	118,436	99,240
Generators	4.75%	-	2,003,400	-	2,003,400	-	-	39,285	39,285	1,964,115	-
Furniture & Fittings	6.33%	8,928,572	146,005	-	9,074,577	5,251,251	-	573,289	5,824,540	3,250,037	3,677,321
Vehicles	9.75%	1,720,462	350,000	-	2,070,462	1,385,059	-	184,854	1,569,913	500,549	335,403
<b>Total</b>		<b>365,272,252</b>	<b>107,672,142</b>	<b>-</b>	<b>472,944,394</b>	<b>231,771,001</b>	<b>-</b>	<b>66,626,572</b>	<b>298,397,573</b>	<b>174,546,821</b>	<b>133,501,251</b>

<b>Notes to Financial Statements</b>	<b>As at 31st March 2014 Rs.</b>	<b>As at 31st March 2013 Rs.</b>
<b>Note No - 10</b>		
Capital Work-in-Progress	138,442,237	13,456,854
<b>NON-CURRENT INVESTMENTS</b>		
<b>Note No - 11</b>		
Investment in subsidiary companies :		
Vagdevi Sark Edutech Private Limited		
10000 equity shares of Rs.10 each	100,000	100,000
Sarksys Haryana Private Limited		
10000 equity shares of Rs.10 each	100,000	100,000
<b>Current assets</b>		
<b>Note No - 12</b>		
Inventories & Projects WIP	169,751,352	3,564,528
<b>Note No - 13</b>		
Trade receivables:		
Outstanding for a period less than six months from the date they are due for payment.		
Secured, considered good	-	-
(receivable from Govt. Parties)	274,041,455	209,804,429
Unsecured, considered good		
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good		
Unsecured, considered good	-	-
(receivable from Govt. Parties and others)	-	55,778,714
Unsecured, considered doubtful		
<b>TOTAL</b>	<b>274,041,455</b>	<b>265,583,143</b>

<b>Notes to Financial Statements</b>	<b>As at 31st March 2014 Rs.</b>	<b>As at 31st March 2013 Rs.</b>
<b>Note No - 14</b>		
Cash and cash equivalents		
Cash on hand	2,020,618	1,554,652
Balances with Banks		
In Current Account	14,090,628	227,650
Margin money Deposits	66,275,964	19,531,000
<b>TOTAL</b>	<b>82,387,210</b>	<b>21,313,302</b>
<b>Note No - 15</b>		
Short-term loans and advances		
Deposits	7,500,000	7,500,000
Pre paid expenses	-	180,854
Other advances	22,559,241	48,812,059
<b>TOTAL</b>	<b>30,059,241</b>	<b>56,492,913</b>
<b>Note No - 16</b>		
Other current assets	50,626,999	118,610,538
<b>TOTAL</b>	<b>50,626,999</b>	<b>118,610,538</b>
<b>Note No - 17 : Revenue from Operation</b>		
Sales	443,679,737	-
Sale of Service	180,843,825	505,115,854
<b>TOTAL</b>	<b>624,523,562</b>	<b>505,115,854</b>
<b>Note No - 18 : Miscellaneous / Other Income</b>		
Interest Income	5,376,434	1,150,437
<b>TOTAL</b>	<b>5,376,434</b>	<b>1,150,437</b>



<b>Notes to Financial Statements</b>	<b>As at 31st March 2014 Rs.</b>	<b>As at 31st March 2013 Rs.</b>
<b>Note No - 19 : Project Expenses</b>		
Materials Consumed	362,129,631	7,254,127
Other Project Expenses	92,361,149	310,910,252
<b>TOTAL</b>	<b>454,490,780</b>	<b>318,164,379</b>
<b>Note No - 20 : Employee Benefit Expenses</b>		
Salaries and Wages (Including Directors Remunerations)	61,270,936	18,235,610
Welfare Expenses	1,237,963	2,215,436
<b>TOTAL</b>	<b>62,508,898</b>	<b>20,451,046</b>
<b>Note No - 21 : Finance Costs</b>		
Interest on Working Capital	336,154	283,111
Interest on other Loans	756,137	1,734,008
<b>TOTAL</b>	<b>1,092,291</b>	<b>2,017,119</b>
<b>Note No - 22 : Administrative and Marketing Expenses</b>		
Audit Fees	168,540	140,540
Advertisement	50,011	27,546
Business Development	25,000	1,895,240
Books & Periodicals	13,216	14,625
Bank Charges	442,408	676,593
Conveyance	182,188	1,954,678
Directors Sitting Fees	60,000	48,000
Telephone & Internet	832,472	312,456
Miscellaneous	348,612	1,450,253
Meeting Expenses	43,250	49,125
Postage & Courier	24,488	245,654

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Printing & Stationery	464,723	612,456
Rent	461,010	550,900
Repairs & Maintenance	763,789	345,687
Sales Tax Paid	1,083,856	-
Share service charges	54,891	64,827
Travelling Expenses	1,472,105	2,456,214
Legal Expenses	184,450	185,000
Listing Fees	70,195	71,701
Vehicle Maintenance	174,265	286,541
Office Maintenance	314,750	1,987,546
Bad Debts W/off	-	67,154,730
Preliminary Expenses W/off	133,258	-
<b>TOTAL</b>	<b>7,367,477</b>	<b>80,530,312</b>

**NOTE : 23 Notes on Accounts**

	Rs.in lakhs 2013-14	Rs.in lakhs 2012-13
1	Contingent Liabilities:	
a	Claims against the company not acknowledged as debts	
	240.00	240.00
b	Other money for which the company is contingently liable:	
	Counter guarantees given in favour of company's bankers for guarantees issued by them	
	-	75.00
2	Managerial Remuneration	
	Remuneration to Managing Director	
	12.00	12.00
	Salaries	
	-	-
3	Auditors' remuneration	
	For Statutory Audit	
	0.75	0.75
	For Tax Audit	
	0.50	0.25
	Out of Pocket expenses	
	0.25	0.25
	Service Tax	
	0.18	0.12
4	Foreign Exchange Earnings & Out go in Rs lakhs	
	In Flow	
	-	58.93
	Outgo	
	-	-
5	Related Party Disclosures as per AS 18	
	Transactions with related parties in the ordinary course of business	

Name of the Related Party	Nature of Relation Ship	Nature of Transaction & Amount
J. Murali Krishna Managing Director	Brother of J.S.R.Durga Prasad Chairman	Remuneration - Rs. 12 Lakhs

		<b>For the year ended</b>	
		<b>31.03.2014</b>	<b>31.03.2013</b>
6	Earning Per share (EPS)		
	Net profit for the year in Rs. in Lakhs	247.45	366.91
	Amount available for equity share holders	247.45	366.91
	Weighted average no. of shares	9,350,000	9,350,000
	Earning per share basic and diluted Rs.	2.65	3.92
	Face value of equity share Rs.	10	10
7	The composition of deferred tax liability of Rs. 307.09 lakhs (previous year Rs.252.06 lakhs) is on account of timing differences relating to depreciation.		
8	There are no small scale industrial undertakings to whom the company owes a sum exceeding Rs.1.00 lakh which is outstanding for more than 30 days of the Balance sheet date.		
9	Confirmation of balances from parties as at the end of the the year has not been received and adjustments, if any, shall be made as an ongoing process.		
10	No provision has been made for employee retirement benefit pending acturial valuation.		
11	All figures have been rounded off to the nearest rupee.		

for **MAHESH,VIRENDER & SRIRAM**

Chartered Accountants

Firm Registration No.001939S

Sd/-

**R.V.CHALAM**

Partner

Mem.No.21423

Place:Hyderabad

Date :31.05.2014

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

Sd/-

**J.S.R.DURGA PRASAD**

Chairman

Sd/-

**J.MURALI KRISHNA**

Managing Director



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No. of Shares	
Account No	

**FORM 2B  
NOMINATION FORM**  
(To be filled individual(s) applying singly or jointly)

I/We \_\_\_\_\_ and \_\_\_\_\_ and \_\_\_\_\_ the Members of Vedavaag Systems Limited, holding shares bearing Distinctive Numbers \_\_\_\_\_ wish to make a nomination and do hereby nominate the following person in whom all rights of transfer and/or amount payable in respect of shares shall vest in the event of my or our death.

**Name and Address of Nominee**

Name: : \_\_\_\_\_  
Address: \_\_\_\_\_

Date of Birth \_\_\_\_\_  
(If nominee is a minor)

Guardian of the Minor is (to be furnished only if nominee is a minor)  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_

**SHAREHOLDERS' INFORMATION**

1. Signature : \_\_\_\_\_  
Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
Date : \_\_\_\_\_
2. Signature : \_\_\_\_\_  
Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
Date : \_\_\_\_\_
3. Signature : \_\_\_\_\_  
Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
Date : \_\_\_\_\_

**Name, Address and Signature of two Witnesses**

Name and Address	Signature with Date
1.	
2.	

Instructions:

1. The Nomination can be made by individuals holding shares on their behalf singly or jointly. Non-individuals including Society, Trust, Body Corporate, Partnership Firm, Karta of Hindu Undivided Family, Holder of Power of Attorney cannot nominee. If the Shares are held jointly, all Joint holders shall sign the nomination form.
2. A Minor can be nominated by a Holder of shares and in that event, the name and address of the Guardian should be provided.
3. The Nominee shall not be a Trust, Society, Body Corporate, Partnership firm, Karta of Hindu Undivided Family or a Power of Attorney Holder. A Non-Resident Indian can be a nominee on repatriable basis.
4. Nomination stands rescinded upon transfer of shares.
5. Transfer of shares in favour of Nominee shall be valid discharge by the Company against the Legal heir.
6. The Nomination form shall be filed in duplicate with the Company's Share Transfer Agents M/s Venture Capital and Corporate Investments Pvt. Limited, 12-10-167, Bharat Nagar, HYDERABAD – 500 018, which will return one copy thereof to the Shareholder.

FOR OFFICE USE ONLY

Nomination Registration Number:


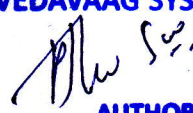
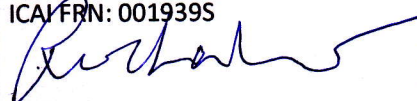
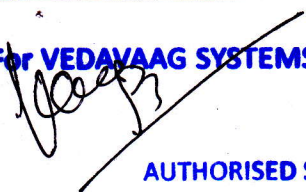
Date of Registration:

Checked by (Name and Signature):



## FORM - A

(Format of covering letter of the Annual Audit Report to be filed with BSE Limited)

1	Name of the Company	VEDAVAAG SYSTEMS LIMITED Scrip Code: 533056
2	Annual Financial Statements for The Year ended	31 <sup>st</sup> March, 2014
3	Type of Audit observation	
4	Frequency of observation	Since last three years
5	To be Signed by:	
	CEO / Managing Director	<p><b>For VEDAVAAG SYSTEMS LIMITED</b></p>  <b>J. MURALI KRISHNA</b> <b>MANAGING DIRECTOR</b>
	CFO (Chief Financial Officer)	<p><b>For VEDAVAAG SYSTEMS LIMITED</b></p>  <b>AUTHORISED SIGNATORY</b>
	Auditor of the Company	<p>Refer my Audit Report dated 31.05.2014                      For Mahesh, Virender &amp; Sriram                      Chartered Accountants                      ICAI FRN: 001939S</p>  <b>R.V. CHALAM</b> Partner, M. No.21423
	Chairman of Audit Committee	<p><b>For VEDAVAAG SYSTEMS LIMITED</b></p>  <b>AUTHORISED SIGNATORY</b>

