

**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  
Hyderabad 500 016

**Bankers:**

Axis Bank Ltd  
State Bank of India  
State Bank of Mysore

**CONTENTS:**

Notice of Annual General Meeting  
Directors' Report and Management Discussion & Analysis  
Corporate Governance Report  
Auditors' Report  
Balance Sheet  
Profit and Loss Account  
Cash Flow Statement  
Notes Forming Part of Accounts  
Proxy form – cum – Attendance Slip  
Nomination form

## NOTICE

Notice is hereby given that the 15<sup>th</sup> Annual General Meeting of the members of VEDAVAAG SYSTEMS LIMITED will be held on 26<sup>th</sup> September, 2013 at 10.30 AM at Royal Function Hall, Moti Nagar, Hyderabad - 500018 to transact the following business:

### **ORDINARY BUSINESS:**

1. To receive, consider, approve and adopt the audited Balance Sheet as on 31st March, 2013 and Profit and Loss Account of the Company for the year ended 31st March, 2013 and Reports of the Directors' and Auditors' thereon.
2. To appoint Sri. G T Murthy 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 Auditors of the Company and to fix their remuneration.

### ***Special Business:***

4. To consider and if thought fit to pass the following resolution as an Ordinary Resolution:  
To appoint Sri. B. Locabhiram as Director liable to retire by rotation:

“RESOLVED THAT Sri. B. Locabhiram who was appointed as an Additional Director of the Company on 20.03.2013 under Articles of Association and who holds office until the date of ensuing Annual General Meeting under Section 260 of the Companies Act, 1956, be and is hereby appointed as Director of the Company.”

Place: Hyderabad

Date : 28.05.2013

By Order of the Board

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. An explanatory statement pursuant to section 173(2) of the Companies Act, 1956, in respect of Special Business Item No 4 is annexed hereto.
3. The Share Transfer Register and Register of members of the Company will remain closed from 23<sup>th</sup> September, 2013 to 26<sup>th</sup> September, 2013 (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 holders and in case of demat holders 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. Retirement of Directors by Rotation and regularization of directors:

Sri G T Murthy retires by rotation and being eligible offers himself for reappointment as Director. The information details are provided under Corporate Governance Code as under:

Sri G T Murthy holds a Doctorate in Physics and was associated with research organizations like TIFR, ASA(USA), MIT(USA) and as Project Head of ECIL, Semiconductor Complex Limited. He rendered a decade of service for Crompton Greaves Limited, setting up their Electronics Business.

Sri B. Locabhiram retired from Bharat Electronics Limited as Sr. Dy. General Manager. He has good experience in electronics, marketing, general administration and Govt. Project management.

Place: Hyderabad  
Date : 28.05.2013

By Order of the Board  
J. Murali Krishna  
Managing Director

**Explanatory Statement**

(Pursuant to Sec.173 (2) of the Companies Act, 1956)

**Item No. 4 :**

Sri. B. Locabhiram was appointed as an Additional Director of the Company with effect from 20.03.2013, pursuant to provisions of Section 260 of the Companies Act, 1956.

As required by Section 257 of the Companies Act, 1956, a notice in writing has been received from a member signifying his intention to propose Sri. B. Locabhiram, as a Director of the Company along with necessary deposit amount.

Except Sri. B. Locabhiram, none of the other Directors of the Company are in any way concerned or interested in the Resolution.

Your Directors recommend the Resolution for your approval.

Place: Hyderabad

Date : 28.05.2013

By Order of the Board

J. Murali Krishna

Managing Director

## DIRECTORS REPORT

The Directors have pleasure in presenting their 15<sup>th</sup> Annual Report together with the Audited Accounts for the financial year ended 31<sup>st</sup> March 2013.

### FINANCIAL RESULTS:

Rs in Lakhs.

Particulars	2012-13	2011-12
Total Income	5062.66	2509.49
Profit before Interest, Depreciation and Taxation	871.20	744.08
Interest	20.17	22.33
Depreciation	475.18	596.57
Extraordinary Items	-	19.46
Profit before Taxation	375.85	105.72
Provision for Taxation	8.94	19.64
Profit after Taxation	366.91	86.08
Balance brought forward from previous year	540.55	454.47
Amount available for the appropriations	907.46	540.55
Surplus carried forward	907.46	540.55

### BUSINESS OUTLOOK AND MANAGEMENT DISCUSSION:

Your directors are pleased to share with you that your company has completed fifteen years and showed a substantial progress in many of the parameters and crossed the turnover mark of Rs. 50 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 aadhar card generation and has a healthy order book position.

#### Financial Inclusion:

The company has entered into business correspondent arrangement with State Bank of Patiala in addition to the State Bank of India. As a state central agency for common service centers (CSC) the company got the mandate from Punjab National Bank and other public sector banks also for Financial Inclusion services. The company is progressing well in this direction.

**Debtors Management:**

The company has critically reviewed the quality of debtors and decided to write off those which are irrecoverable. The company maintained healthy operations, despite the write off and the huge working capital needs and hopes to improve the liquidity position further in this year.

**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.1647.07 lakhs as compared to Rs.1280.15 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, 2013.

**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, 2013, 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 as 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; and
- 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:**

Since the Company is engaged in infrastructure establishment and maintenance projects, and without adequate bank support and with considerable delay in receivables from state governments, there were certain delays in depositing statutory dues. However, the efforts are in place to overcome such instances.

**CASH FLOW STATEMENT:**

Cash Flow Statement for the year ended 31<sup>st</sup> March, 2013 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 2013-14 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	
<b>Foreign Exchange</b>	<b>2012-13</b>	<b>2011-12</b>
Income	58.93	84.37
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

Place: Hyderabad

**J S R Durga Prasad**

**J Murali Krishna**

Date : 28.05.2013

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

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

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:

S.No.	Name of the Director	No. of Equity Shares held
1.	Sri V.Umapathi	15500
2.	Sri G.T.Murthy	2500
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 2012-2013:**

The Company's Corporate Governance Policy requires the Board to meet at least four times in a year. The Board met Six (6) times in the year 2012-13 on 10<sup>th</sup> May, 2012, 13<sup>th</sup> August, 2012, 31<sup>st</sup> August, 2012, 11<sup>th</sup> November, 2012, 13<sup>th</sup> February, 2013 and on 20<sup>th</sup> March, 2013.

Sl.No	Name	Category	Attendance Particulars of other Directorships				
			B.M	AGM	Director-ships*	Committee	Chairman
1.	Sri J.S.R.Durga Prasad Chairman	Promoter Non-Executive	4	Yes	-	-	-
2.	Sri J.Murali Krishna Managing Director	Promoter Executive	6	Yes	-	-	-
3.	Dr.G.T.Murthy	Independent Non-executive	4	Yes	-	-	-
4.	Sri V.Umapathi	Independent Non-executive	5	Yes	2	-	-
5.	Sri B Locabhiram	Independent Non-executive	1	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 G T Murthy retires by rotation and being eligible offers himself for reappointment as Director. The information details are provided under Corporate Governance Code as under:

Sri G T Murthy holds a Doctorate in Physics and was associated with research organizations like TIFR, ASA(USA), MIT(USA) and as Project Head of ECIL, Semiconductor Complex Limited. He rendered a decade of service for Crompton Greaves Limited, setting up their Electronics Business.

Sri B. Locabhiram retired from Bharat Electronics Limited as Sr. Dy. General Manager. He has good experience in electronics, marketing, general administration and Govt. Project management.

Directors recommended the reappointment of above persons as Directors on the Board 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 2012-13 on 10<sup>th</sup> May, 2012, 13<sup>th</sup> August, 2012, 31<sup>st</sup> August, 2012, 11<sup>th</sup> November, 2012 and on 13<sup>th</sup> February, 2013.

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 G. T. Murthy - Chairman	1	1
2	Sri V. Umapathi	1	1
3	Sri J.S.R. Durga Prasad	1	1

During the year the Committee held its meeting on 13<sup>th</sup> February, 2013.

#### 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 2012-2013:

i) Managing Director:

SI.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 / Committee 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. 15,000/-
2	Sri V Umapathi	Rs. 15,000/-
3	Sri G T Murthy	Rs. 15,000/-
4	Sri. B. Locabhiram	Rs. 3,000/-

#### 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 29<sup>th</sup> August, 2012 and on 21<sup>st</sup> January, 2013 and attended by all the members. The Company received one query during the year 2012-2013 and it was replied.

There were no pending valid requisitions for transfer of shares as on 31<sup>st</sup> March, 2013.

#### 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
12 <sup>th</sup>	31-12-2010	09.00 AM	Royal Function Hall Moti Nagar Hyderabad	4
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

- b) None of the resolutions had been proposed to be passed through postal ballot.
- c) No Extraordinary General Meeting was held during the year 2012-13.
- 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.25 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	26 <sup>th</sup> September, 2013 at 10.30 A.M
	Venue : Royal Function Hall, Moti Nagar, Hyderabad – 500018
Financial Calendar (Tentative & Subject to change)	
Un-Audited results for Quarter ending 30 <sup>th</sup> September 2013	15 <sup>th</sup> of November, 2013
Un-Audited results for Quarter ending 31 <sup>st</sup> December 2013	15 <sup>th</sup> of February, 2014
Un-Audited results for Quarter ending 31 <sup>st</sup> March 2014	15 <sup>th</sup> of May, 2014
Date of Book Closure	23 <sup>rd</sup> Sept 2013 to 26 <sup>th</sup> Sept 2013 (both days inclusive)
Correction of Record Date (relating to last year 14 <sup>th</sup> AGM)	Record Date be noted as 29.08.2012 instead of 28.08.2012 as intimated by Bombay Stock Exchange Ltd for fixing price of equity shares on preferential allotment (being 30 days prior to the date of AGM)
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 (2012-13) on BSE are:

Month	High	Low	No. of Shares Traded
Apr - 2012	6.70	5.63	81,673
May - 12	6.55	5.47	80,180
Jun - 12	6.95	5.24	85,636
July - 12	10.25	5.55	97,779
Aug - 12	9.80	7.04	48,556
Sept - 12	7.89	6.71	51,801
Oct - 12	7.91	6.71	34,407
Nov - 12	9.85	6.85	2,69,613
Dec - 12	9.04	7.30	1,14,065
Jan - 2013	7.90	6.90	85,183
Feb - 13	9.20	7.00	1,39,216
Mar - 13	8.75	7.05	2,93,732

## 11. Demat Registrar and Share Transfer Agents:

M/s. Venture Capital & Corporate Investments 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, are the Company's Share Transfer Agents in both physical and dematerialized form.

## 12. Dematerialization & Liquidity:

Majority of the shares i.e. 92.13 % of your Company were dematerialized as on 31<sup>st</sup> March, 2013. 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 2013:

Shares	Holders		Shares	
	Number	% of Total	No of Shares	% of Total
Upto - 500	3536	73.35	739372	7.91
501 - 1000	512	10.62	440202	4.71
1001 - 2000	316	6.55	498264	5.33
2001 - 3000	139	2.88	358538	3.83
3001 - 4000	67	1.39	247651	2.65
4001 - 5000	60	1.24	292110	3.12
5001 - 10000	89	1.85	678931	7.26
10001 and above	102	2.12	6094932	65.19
<b>Total</b>	<b>4821</b>	<b>100</b>	<b>9350000</b>	<b>100</b>

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

M/s. Venture Capital & Corporate Investments 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 are 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 : 28.05.2013

For Vedavaag Systems Limited,

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, 2013.

Place: Hyderabad

Date : 28.05.2013

For **Vedavaag Systems Limited**,

**J. Murali Krishna**

Managing Director

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**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 2013, 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

Date : 28.05.2013

## INDEPENDENT AUDITORS 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, 2013, 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"). 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

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 31.03.2013;
- (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 by section 227(3) of the Act, we report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 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 section 211 (3C) of Section 211 of the Companies Act, 1956; and
  - e. On the basis of written representations received from the directors as on 31.03.2013, and taken on record by the Board of Directors, none of the directors are disqualified as on 31<sup>st</sup> March, 2013 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

Date : 28.05.2013

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**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, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- (b) The Company has taken loans, unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and the terms of such loans are not prejudicial to the interests of the company.
- 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, the undisputed amounts payable in respect of Income Tax is Rs.44,62,842/- as on 31st March, 2013.*
- 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, in our opinion term loans availed by the Company were, prima facie, applied for the purpose for which they were raised.
- 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

Date : 28.05.2013



**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, 2013**

Particulars	Note No	AS AT 31.03.2013 Rs.	AS AT 31.03.2012 Rs.
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's Funds</b>			
Share Capital	2	93,500,000	93,500,000
Reserves and Surplus	3	164,706,770	128,015,311
Share Application Money Pending Allotment		18,635,000	-
<b>Non-Current Liabilities</b>			
Deferred tax liabilities (Net)	4	25,206,035	32,909,013
Other Long term liabilities	5	53,056,627	73,456,627
<b>Current Liabilities</b>			
Short-term borrowings	6	-	11,473,181
Trade payables	7	144,863,219	79,342,455
Other current liabilities	8	104,158,011	5,159,162
Short-term provisions	9	8,596,867	1,964,000
<b>Total</b>		<b>612,722,529</b>	<b>425,819,749</b>
<b>Assets</b>			
<b>Non-current assets</b>			
<i>Fixed assets</i>			
Tangible assets	10	133,501,251	99,385,405
Capital work-in-progress	11	13,456,854	37,083,808
Non-current investments	12	200,000	200,000
Other non-current assets			
<b>Current assets</b>			
Current investments			
Inventories	13	3,564,528	3,254,127
Trade receivables	14	265,583,143	223,514,183
Cash and cash equivalents	15	21,313,302	5,883,857
Short-term loans and advances	16	56,492,913	50,859,875
Other current assets	17	118,610,538	5,638,494
<b>Total</b>		<b>612,722,529</b>	<b>425,819,749</b>

Significant Accounting Policies

1

The accompanying notes 1 to 25 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**

Managing Director

**R.V.Chalam**

Partner

Chairman

Mem.No.21423

Place : Hyderabad

Date : 28.05.2013

**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, 2013**

Particulars	Note No	for the year ended 31.03.2013 Rs.	for the year ended 31.03.2012 Rs.
<b>Income:</b>			
Revenue from operations	18	505,115,854	250,822,415
Other Income	19	1,150,437	126,700
<b>Total Revenue</b>		<b>506,266,291</b>	<b>250,949,115</b>
<b>Expenses:</b>			
Project Expenses	20	318,164,379	151,589,852
Employee benefit expense	21	20,451,046	15,343,688
Financial costs	22	2,017,119	2,232,574
Depreciation and amortization expense	10	47,518,087	59,657,443
Other expenses	23	80,530,312	9,607,192
<b>Total Expenses</b>		<b>468,680,943</b>	<b>238,430,749</b>
Profit before extraordinary items and tax		37,585,348	12,518,366
Extraordinary Items	24	-	1,946,318
<b>Profit before tax</b>		<b>37,585,348</b>	<b>10,572,048</b>
Tax expense:			
Current tax		8,596,867	1,964,000
Deferred Tax		-7,702,978	-
Profit (Loss) for the period		36,691,459	8,608,048
Earning per equity share:			
Basic		3.92	0.92
Diluted		3.92	0.92

**Significant Accounting Policies**

The accompanying notes 1 to 25 are an integral part of the financial statements

As per our report of even date

**for MAHESH, VIRENDER & SRIRAM**

Chartered Accountants

Firm Registration No.001939S

Sd/-

**R.V.Chalam**

Partner

Mem.No.21423

Place : Hyderabad

Date : 28.05.2013

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

Sd/-

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

Chairman

Sd/-

**J.MURALI KRISHNA**

Managing Director

## CASH FLOW STATEMENT

	For the Year ended 31.03.2013	For the Year ended 31.03.2012
<b>A: Cash flow from operating activities</b>		
Profit before tax	37,585,348	10,572,048
Adjustments for :		
Depreciation and amortisation expense	47,518,087	59,657,443
Impaired assets w/off		54,785,232
Interest Expense	2,017,119	2,232,574
Interest Income	(1,150,437)	(126,700)
Impaired assets w/off		
Operating profit before working capital changes	85,970,117	127,120,597
Adjustments for changes in:		
Increase/(decrease) in Inventories	(310,401)	4,292,715
Increase/(decrease) in Trade Receivables	(42,068,960)	(102,410,137)
Increase/(decrease) in Trade Payables	65,520,764	70,577,367
Increase/(decrease) in Other Current Liabilities & provisions	105,908,985	(8,563)
Increase/(decrease) in Non Current Liabilities	(20,400,000)	3,928,000
Increase/(decrease) in Loans & Other Current Assets	(118,605,082)	(24,091,617)
	(9,954,694)	(47,712,235)
Income Tax	(8,596,867)	(1,964,000)
Cash generated from operating activities (A)	67,418,556	77,444,362
<b>B: Cash flow from Investing Activities :</b>		
Purchase of Fixed assets and CWIP	(58,006,979)	
Interest received	1,150,437	126,700
Net Cash Flow from Investing Activities (B)	(56,856,542)	126,700
<b>C: Cash flow from Financing Activities :</b>		
Increase in Share Capital	18,635,000	
Repayment of Short term borrowings	(11,473,181)	(71,253,801)
Interest paid	(2,294,388)	(1,955,305)
<b>D: Net cash flow from financing activities (C)</b>	4,867,431	(73,209,106)
Net cash inflow/(outflow) (A+B+C)	15,429,445	4,361,956
Opening balance of cash and cash equivalent	5,883,857	1,521,901
Closing balance of cash and cash equivalent	21,313,302	5,883,857

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**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013****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 31.03.2013		as at 31.03.2012	
	Number	Rs.	Number	Rs.
<b>Authorised</b>				
Equity Shares of Rs.10 Each	19,000,000	190,000,000	10,000,000	100,000,000
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>110,000,000</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 2013		As at 31st March 2012	
	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%
KELTRON SECURITIES LTD.,	706,726	7.56%		

Notes to Financial Statements	As at 31st March 2013 Rs.	As at 31st March 2012 Rs.
<b>Note No - 3</b>		
<b>Reserves &amp; Surplus</b>		
Capital Reserve	10,667,080	10,667,080
Securities Premium Reserve	63,000,000	63,000,000
MAT Credit Reserve	293,083	293,083
Surplus		
<b>Opening Balance</b>	<b>54,055,148</b>	<b>45,447,100</b>
Net Profit / (Net Loss) for the current year	36,691,459	8,608,048
<b>Closing Balance</b>	<b>90,746,607</b>	<b>54,055,148</b>
<b>GRANDTOTAL</b>	<b>164,706,770</b>	<b>128,015,311</b>
<b>Note No:- 4</b>		
Deferred tax Liabilities (Net)	25,206,035	32,909,013
<b>Note No:- 5</b>		
Other Long term liabilities		
(a) Trade Payables	11,565,000	11,565,000
(b) Others	41,491,627	61,891,627
<b>Total</b>	<b>53,056,627</b>	<b>73,456,627</b>
<b>Note No:- 6</b>		
<b>Short-term borrowings</b>		
<b>Secured</b>		
[a] Loans repayable on demand		
From Banks - Working Capital	-	2,084,814
Short Term Loan from banks	-	9,388,367
[Secured by Hypothecation of all assets of the company. Futher the loan has been guarranted by the personal guarrntee by Chairman and Managing Director of the Company.		
Cash credit is repayable on demand and carries rate of interest of 15% p.a. Short term loan from bank is repayable in installments and carries interest at the rate of 15% p.a.		
<b>Total</b>	-	<b>11,473,181</b>



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**Notes to Financial Statements**

	<b>As at 31st March 2013 Rs.</b>	<b>As at 31st March 2012 Rs.</b>
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**Note No:- 7**

Trade payables	144,863,219	79,342,455
<b>Total</b>	<b>144,863,219</b>	<b>79,342,455</b>

**Note No:- 8**
**Other current liabilities**

(a) Current maturities of long term debt		
(b) Current maturities of finance lease obligations		
(c) Interest accrued but not due on borrowings		
(d) Interest accrued and due on borrowings	-	277,269
(e) Income received in advance		
(f) Other Payables	104,158,011	4,881,893
<b>Total</b>	<b>104,158,011</b>	<b>5,159,162</b>

**Note No:- 9**

Short-term provisions		
Provision for Income Tax	8,596,867	1,964,000
<b>Total</b>	<b>8,596,867</b>	<b>1,964,000</b>

**Note No - 10**  
**Fixed Assets**

Item	Rate of deprecn.	GROSS BLOCK			DEPRECIATION			NET BLOCK		
		01.04.2012	Additions	Deletions /Adj	31.03.2013	01.04.2012	Deletions /Adj	for the year	31.03.2013	31.03.2012
Computer Hardware	16.21%	348,874,294	81,633,933	130,528,300	299,979,927	287,520,429	130,528,300	42,322,584	199,314,713	61,353,865
Computer software	16.21%	41,500,419	25,234,165	19,925,419	46,809,165	39,562,217	19,925,419	4,090,458	23,727,256	1,938,202
Library	4.75%	56,005			56,005	34,112		2,660	36,772	21,893
Air Conditioners	4.75%	90,108			90,108	71,852		4,280	76,132	18,256
Electrical Fittings	4.75%	7,444,078			7,444,078	1,481,529		353,594	1,835,123	5,962,549
Office Equipment	4.75%	243,935			243,935	133,108		11,587	144,695	110,827
Furniture & Fittings	6.33%	8,928,572			8,928,572	4,686,072		565,179	5,251,251	4,242,500
Vehicles	9.75%	1,720,462			1,720,462	1,217,314		167,745	1,385,059	503,148
Wireless Towers	3.34%	-			-	-		-	-	-
Project Dev. in progress		25,234,165			-	-		-	-	25,234,165
<b>Total</b>		<b>434,092,038</b>	<b>106,868,098</b>	<b>150,453,719</b>	<b>365,272,252</b>	<b>334,706,633</b>	<b>150,453,719</b>	<b>47,518,087</b>	<b>231,771,001</b>	<b>99,385,405</b>

**Notes to Financial Statements**

	<b>As at 31st March 2013 Rs.</b>	<b>As at 31st March 2012 Rs.</b>
<b>Note No - 11</b>		
Capital Work-in-Progress	13,456,854	37,083,808
Non-current investments		
Trade Investments		
Other Investments		
<b>Note No - 12</b>		
Investment in Equity Instruments	200,000	200,000
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>Note No - 13</b>		
<b>Current assets</b>		
Inventories	3,564,528	3,254,127
<b>Note No - 14</b>		
Trade receivables		
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Secured, considered good		
Unsecured, considered good (receivable from Govt. Parties)	209,804,429	105,729,058
Unsecured, considered good (others)	-	1,629,706
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good		
Unsecured, considered good	55,778,714	116,155,419
(receivable from Govt. Parties and others)		
Unsecured, considered doubtful		
Less: Provision for doubtful debts		
<b>TOTAL</b>	<b>265,583,143</b>	<b>223,514,183</b>

**Notes to Financial Statements**

	<b>As at 31st March 2013 Rs.</b>	<b>As at 31st March 2012 Rs.</b>
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**Note No - 15**

Cash and cash equivalents		
Cash on hand	1,554,652	375,498
Balances with Banks		
In Current Account	227,650	1,803,359
Margin money Deposits	19,531,000	3,705,000
<b>TOTAL</b>	<b>21,313,302</b>	<b>5,883,857</b>

**Note No - 16**

Short-term loans and advances		
Deposits	7,500,000	13,500,000
Pre paid expenses	180,854	284,199
Other advances	48,812,059	37,075,676
<b>TOTAL</b>	<b>56,492,913</b>	<b>50,859,875</b>

**Note No - 17**

Other current assets	118,610,538	5,638,494
<b>TOTAL</b>	<b>118,610,538</b>	<b>5,638,494</b>

**NOTE 18 : REVENUE FROM OPERATIONS**

Sale of Services	505,115,854	250,822,415
<b>TOTAL</b>	<b>505,115,854</b>	<b>250,822,415</b>

**NOTE 19 : MISCELLANEOUS / OTHER INCOME**

Interest Income	1,150,437	126,700
<b>TOTAL</b>	<b>1,150,437</b>	<b>126,700</b>

**Notes to Financial Statements**
**As at 31st  
March 2013  
Rs.**
**As at 31st  
March 2012  
Rs.**
**Note 20 : PROJECT EXPENSES**

Materials Consumed	7,254,127	4,388,780
Other Project Expenses	305,207,348	147,201,072
Banking Correspondent Expenses	5,702,904	-

<b>Total</b>	<b>318,164,379</b>	<b>151,589,852</b>
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**NOTE 21 : EMPLOYEE BENEFIT EXPENSES**

Salaries and Wages (Including Directors remuneration)	18,235,610	13,465,900
Welfare expenses	2,215,436	1,877,788

<b>Total</b>	<b>20,451,046</b>	<b>15,343,688</b>
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**NOTE 22 : FINANCE COSTS**

Interest on Working capital	283,111	494,207
Interest on other loans	1,734,008	1,738,367

<b>Total</b>	<b>2,017,119</b>	<b>2,232,574</b>
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**NOTE 23 : ADMINISTRATIVE AND MARKETING EXPENSES**

Audit Fees	140,540	137,875
Advertisement	27,546	28,529
Business Development	1,895,240	1,463,876
Books & Periodicals	14,625	12,458
Bank Charges	676,593	329,690
Conveyance	1,954,678	1,462,094
Directors Sitting Fees	48,000	44,000
Telephone & Internet	312,456	227,563
Miscellaneous Expenses	1,450,253	1,245,637
Meeting Expenses	49,125	43,537
Postage & Courier	245,654	186,749
Printing & Stationery	612,456	347,564
Rent	550,900	465,783
Repairs & Maintenance	345,687	214,365
Share service charges	64,827	64,594
Travelling Expenses	2,456,214	1,265,839
Legal Expenses	185,000	105,000
Listing Fees	71,701	51,321

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Vehicle Maintenance	286,541	213,246
Office Maintenance	1,987,546	1,697,472
Bad Debts W/off	67,154,730	-
<b>Total</b>	<b>80,530,312</b>	<b>9,607,192</b>

**NOTE 24 : EXTRA ORDINARY ITEMS**

Benefit on one time settlement with IL&amp;FS Financial

Services Limited	-	52,838,916
Impairment of project assets	-	54,785,234
<b>Net Expenditure</b>	-	<b>1,946,318</b>

**NOTE 25 : Notes on Accounts**

	<b>Rs.in lakhs 2012-13</b>	<b>Rs.in lakhs 2011-12</b>
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	37.00
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	0.25	0.25
Out of Pocket expenses	0.25	0.25
Service Tax	0.14	0.12
4. Foreign Exchange Earnings & Out go in Rs lakhs		
In Flow	58.93	84.37
Outgo	-	-
5. Income tax liability aggregating to Rs 44.52 lakhs is outstanding and under reconciliation with Income Tax authorities for the adjustment of prepaid taxes to ascertain the net liability, if any		
6. Related Party Disclosures as per AS 18		
Transactions with related parties in the ordinary course of business		

<b>Name of the Related Party</b>	<b>Nature of Relation Ship</b>	<b>Nature of Transaction &amp; Amount</b>
J Muralikrishna Managing Director	Brother of J S R Durgaprasad Chairman	Remuneration - Rs.12 lakhs Unsecured Loan - Rs.240 Lakhs
J Sujata	Wife of J S R Durgaprasad Chairman	Unsecured Loan of Rs.40 Lakhs

7.	Earning Per share (EPS)	31.03.13	31.03.12
	Net profit for the year in Rs.	36691459	8608048
	Amount available for equity share holders	36691459	8608048
	Weighted average no. of shares	9350000	9350000
	Earning per share basic and diluted Rs.	3.92	0.92
	Face value of equity share Rs	10	10
8.	The composition of deferred tax liability of Rs. 252.06 lakhs (previous year Rs.329.09 lakhs) is on account of timing differences relating to depreciation.		
9.	Deletion of fixed assets represent assets condemned and retired from active use which have been fully depreciated over their useful life and have no realisable value.		
10.	Other Current assets include an amount of Rs.794 lakhs being retention money on SECC and NPR projects.		
11.	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.		
12.	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.		
13.	All figures have been rounded off to the nearest rupee.		
14.	Previous years figures are regrouped wherever necessary.		

Signatures for Note 1 to 25

as per our report of even date

for **MAHESH,VIRENDER & SRIRAM**

Chartered Accountants

Firm Registration No.001939S

for and on behalf of the board of

Directors

Sd/-

**R.V.Chalam**

Partner

Mem.No.21423

Sd/-

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

Chairman

Sd/-

**J.MURALI KRISHNA**

Managing Director

Place:Hyderabad

Date :28.05.2013





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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

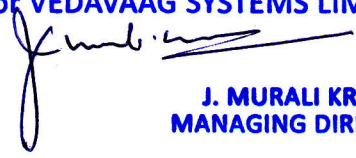


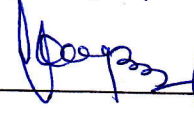

Nomination Registration Number:

Date of Registration:

Checked by (Name and Signature):

**FORM A**

**Format of covering letter of the annual report to be filled with the Stock Exchanges**

1.	Name of the Company	Vedavaag Systems Limited
2.	Annual Financial statements for the year ended	31 <sup>st</sup> March, 2013
3.	Type of Audit observation	Matter of Emphasis: According to the Information & explanations given to us, the undisputed amounts payable in respect of Income tax is Rs.44,62,842/-.
4.	Frequency of observation	Since last three years
5.	To be signed by:	
	CEO/Managing Director	<p align="center"><b>For VEDAVAAG SYSTEMS LIMITED</b></p>  <p align="center"><b>J. MURALI KRISHNA MANAGING DIRECTOR</b></p>
	CFO	<p align="center"><b>For VEDAVAAG SYSTEMS LIMITED</b></p>  <p align="center"><b>AUTHORISED SIGNATORY</b></p>
	Auditor of the Company	<p>Refer my Audit Report dated 28.05.2013. For Mahesh, Virender &amp; Sriram Chartered Accountants ICAI FRN : 001939S</p>   <p>(R.V.Chalam) Partner M.No.021423</p>
	Audit Committee Chairman	<p>Managing Director directed to draw the <del>report</del> the earliest.</p>   <p align="right"><b>(V. UMAPATHI)</b></p>