

**BOARD OF DIRECTORS :**

Sri J.S.R. Durga Prasad	Chairman
Sri J. Muralikrishna	Managing Director
Sri V. Umapathi	Director
Dr G.T. Murthy	Director

**AUDITORS :**

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

**BANKERS:**

UCO Bank  
Axis Bank Ltd  
State Bank of India  
State Bank of Mysore

**C O N T E N T S**

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 14<sup>th</sup> Annual General Meeting of the members of VEDAVAAG SYSTEMS LIMITED will be held on 28<sup>th</sup> September, 2012 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, 2012 and Profit and Loss Account of the Company for the year ended 31st March, 2012 and reports of the Directors' and Auditors' thereon.
2. To appoint Sri. V Umapathi 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 fix their remuneration.

**Special Business :****4. Increase of Authorized Share Capital :**

To consider and, if thought fit, to pass with or without modifications, the following resolution as Special Resolution.

“RESOLVED THAT pursuant to Section 94 (1) (a), 97 and other applicable provisions of the Companies Act 1956, the Authorized Share Capital of the Company be increased from Rs. 11.00 Crores (1,00,00,000) Equity Shares of Rs.10/- each and 10,00,000 (Ten Lakhs) Preference Shares of Rs. 10/- each ) to Rs. 20.00 Crores /- (Rupees Twenty crores only) by creation of additional 90,00,000 equity shares of Rs.10/- each, ranking pari passu with the existing equity shares of the Company.”

**5. Alteration of Capital Clauses in the Memorandum and Articles of Association:**

To consider and, if thought fit, to pass with or without modifications, the following resolutions as Special Resolutions.

“RESOLVED THAT pursuant to Section 16 and other applicable provisions, if any, of the Companies Act 1956 the existing Clause V of the Memorandum of Association of the Company be and is hereby substituted by the following:”

V. “The Authorised Share Capital of the Company is Rs. 20.00 Crores (Rupees Twenty Crores Only) divided into 190,00,000 (One Hundred Ninty Lakhs) Equity shares of Rs.10/- each and 10,00,000 (Ten Lakhs) Preference Shares of Rs. 10/- each with rights, privileges and conditions attached thereto as are provided by the regulations of the Company for the time being, with power to increase and reduce the Capital of the Company into several classes and attach thereto respectively, subject to the laws for the time being in force, such rights, privileges or conditions as may be determined by or in accordance with regulations of the Company and to vary, modify, abrogate any such rights, privileges or conditions in such

manner as may for the time being be provided by the regulations of the Company and to consolidate or subdivide the shares and issue shares of higher or lower denominations.”

“RESOLVED FURTHER THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act 1956, the existing Article 3 of the Articles of Association of the Company be and is hereby substituted by the following:

4. “V. “The Authorised Share Capital of the Company is Rs. 20.00 Crores (Rupees Twenty Crores Only) divided into 190,00,000 (One Hundred Ninty Lakhs) Equity shares of Rs.10/- each and 10,00,000 (Ten Lakhs) Preference Shares of Rs. 10/- each) with rights, privileges and conditions attached thereto as are provided by the regulations of the Company for the time being, with power to increase and reduce the Capital of the Company into several classes and attach thereto respectively, subject to the laws for the time being in force, such rights, privileges or conditions as may be determined by or in accordance with regulations of the Company and to vary, modify, abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the regulations of the Company and to consolidate or subdivide the shares and issue shares of higher or lower denominations.”

#### 6. Allotment of Equity Shares on Preferential basis to promoters :

To consider and, if thought fit, to pass with or without modifications, the following resolution as Special Resolution.

Resolved that pursuant to Section 81(1A) and other applicable provisions, if any of the Companies Act, 1956 and in accordance with the Memorandum and Articles of Association and listing agreements entered into with the Stock Exchanges, guidelines issued by the RBI under FEMA 1999 and by SEBI on preferential issue of shares and other regulations /guidelines, if any and subject to the consent of all other concerned authorities, if any to the extent required and subject to such conditions and modifications as may be prescribed or imposed while according such consents, which may be considered appropriate by the Board of Directors of the Company and/or duly authorized committee thereof (hereinafter called “the Board”) in its absolute discretion , consent of the members be and is hereby accorded to the Board to issue, offer and allot to the following persons in one or more tranches 5,90,000. Equity Shares of the Company of the face value of Rs. 10/- each in the share capital of the Company at a price of Rs. 10/- (Rupees Ten Only) which is higher than the price arrived at in terms of Clause 13.1.1.1 of SEBI Guidelines to the persons, whose list is mentioned overleaf on preferential basis as per the SEBI Preferential issue guidelines out of the pending share application money (whose list is mentioned overleaf).

Name	No. Of Equity shares	% Equity (Post conversion Capital)
Mr. J.S.R Durga Prasad	5,90,000	4.30
	5,90,000	4.30

The Board has taken the record date as 28<sup>th</sup> August 2012 as the relevant date for fixing the price as per the SEBI Preferential issue guidelines.

RESOLVED FURTHER THAT

- a) The Equity Shares shall rank pari passu with the existing equity shares of the Company in all respects.
- b) The preferential allotment is subject to Dematerialisation of entire pre preferential allotment share holding of the proposed allottees.
- c) The relevant date for preferential issue, as per SEBI (Disclosure and Investor Protection) Guidelines 2009 as amended, for determination of applicable price for the issue of above mentioned shares is 28<sup>th</sup> August 2012.
- d) The entire pre preferential shareholding of the proposed allottees, if any, is subject to a lock-in from the date of allotment.

“RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorized to do all such acts, deeds, matters, things as it may, in its absolute discretion, deem necessary, desirable and to settle any questions, difficulty or doubt that may arise in regard to the offering, issue, allotment and utilization of the issue proceeds, as it may in its absolute discretion, deem fit and proper.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any committee of Directors or senior executives/officers of the Company to give effect to the resolution.

#### 7. Allotment /conversion of unsecured loans into Equity Shares to other than promoters on preferential basis:

To consider and, if thought fit, to pass with or without modifications, the following resolution as Special Resolution

Resolved that pursuant to Section 81(1A) and other applicable provisions, if any of the Companies Act, 1956 and in accordance with the Memorandum and Articles of Association and listing agreements entered into with the Stock Exchanges, guidelines issued by the RBI under FEMA 1999 and by SEBI on preferential issue of shares and other regulations /guidelines, if any and subject to the consent of all other concerned authorities, if any to the extent required and subject to such conditions and modifications as may be prescribed or imposed while according such consents, which may be considered appropriate by the Board of Directors of the Company and/or duly authorized committee thereof (hereinafter called “the Board”) in its absolute discretion , consent of the members be and is hereby accorded to the Board to issue, offer and allot/convert from unsecured loans to the following persons in one or more tranches 37,90,000 Equity Shares of the Company of the face value of Rs. 10/- each in the share capital of the Company at a price of Rs. 10/- (Rupees Ten Only) which is higher than the price arrived at in terms of Clause 13.1.1.1 of SEBI Guidelines to the persons, whose list is mentioned overleaf on preferential basis as per the SEBI Preferential issue guidelines out of the pending share application money (whose list is mentioned overleaf).

Name	No. Of Equity shares	% Equity (Post conversion Capital)
R. Janakilakshmi	5,00,000	3.64
P. Prabhavathi	5,00,000	3.64
Atlanta International Limited	5,00,000	3.64
KLK Electricals Limited	2,00,000	1.46
Ch Lakshmana Kumar	2,00,000	1.46
J Venkat Kanada	1,00,000	0.73
J Srinivas Murthy	2,10,000	1.53
P S R K Sarma	2,50,000	1.82
M Suguna	2,00,000	1.46
S Satyavathi	1,00,000	0.73
P Himabindu	2,00,000	1.46
P S Sarma	1,30,000	0.95
P Muralimohan	2,00,000	1.46
G Narasimha Raju	2,00,000	1.46
P Kodandapani	3,00,000	2.18

The Board has taken the record date as 28<sup>th</sup> August 2012 as the relevant date for fixing the price as per the SEBI Preferential issue guidelines.

**RESOLVED FURTHER THAT**

- e) The Equity Shares shall rank pari passu with the existing equity shares of the Company in all respects.
- f) The preferential allotment is subject to Dematerialisation of entire pre preferential allotment share holding of the proposed allottees.
- g) The relevant date for preferential issue, as per SEBI (Disclosure and Investor Protection) Guidelines 2009 as amended, for determination of applicable price for the issue of above mentioned shares is 28<sup>th</sup> August 2012.
- h) The entire pre preferential shareholding of the proposed allottees, if any, is subject to a lock-in from the date of allotment.

“RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorized to do all such acts, deeds, matters, things as it may, in its absolute discretion, deem necessary, desirable and to settle any questions, difficulty or doubt that may arise in regard to the offering, issue, allotment and utilization of the issue proceeds, as it may in its absolute discretion, deem fit and proper.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any committee of Directors or senior executives/officers of the Company to give effect to the resolution.

**8. Allotment of convertible Equity Share warrants on Preferential basis :**

Resolved that subject to the approval of the members of the Company and other necessary approvals from stock exchange, and pursuant to Section 81(1A) and other applicable provisions, if any of the Companies Act, 1956 and in accordance with the Memorandum and Articles of Association and listing agreements entered into with the Stock Exchanges, guidelines issued by the RBI under FEMA 1999 and by SEBI on Convertible Share Warrants and other regulations /guidelines, if any and subject to the consent of all other concerned authorities, if any to the extent required and subject to such conditions and modifications as may be prescribed or imposed while according such consents, which may be considered appropriate by the Board of Directors of the Company and/or duly authorized committee thereof (hereinafter called “the Board”) in its absolute discretion , consent of the members be and is hereby accorded to the Board to allot to the following persons in one or more tranches 6,20,000 Convertible share warrants of the company of the face value of Rs.10/- (Rupees Ten only) each in the share capital of the company at a price of Rs.10/- (Rupees Ten only) which is higher than the price arrived at in terms of Clause 13.1.1.1 of SEBI Guidelines.”

Name	No. Of Convertible share Warrants	% Equity (Post conversion Capital)
Mr. J.S.R Durga Prasad	6,20,000	4.32
	6,20,000	4.32

The Board has taken the record date as 28<sup>th</sup> August 2012 as the relevant date for fixing the price as per the SEBI Preferential issue guidelines.

**RESOLVED FURTHER THAT**

- a) The Convertible Share warrants shall rank pari passu with the existing equity shares of the Company in all respects.
- b) The Convertible share warrants is subject to Dematerialization of entire pre preferential allotment share holding of the proposed allottees.
- c) The relevant date for Convertible Share warrants, as per SEBI (Disclosure and Investor Protection) Guidelines 2009 as amended, for determination of applicable price for the issue of above mentioned warrants is 28<sup>th</sup> August, 2012.

d) The entire pre preferential shareholding of the proposed allottees, if any, is subject to a lock-in from the date of allotment.

“RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorized to do all such acts, deeds, matters, things as it may, in its absolute discretion, deem necessary, desirable and to settle any questions, difficulty or doubt that may arise in regard to the offering, issue, allotment and utilization of the issue proceeds, as it may in its absolute discretion, deem fit and proper.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any committee of Directors or senior executives/officers of the Company to give effect to the resolution.

By order of the Board

**J. Muralikrishna**

Managing Director

Hyderabad

31.8.2012

**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 Nos : 4 to 7 is annexed hereto.
3. The Share Transfer Register and Register of members of the Company will remain closed from 24<sup>th</sup> September, 2012 to 28<sup>th</sup> September, 2012. (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:

At the ensuing Annual General Meeting , Sri V Umapathi retires by rotation and being eligible offers himself for re-appointment. The information details to be provided for the aforesaid director under Corporate Governance code are as under:

Mr V Umapathi, FCA aged 58 years, is a Chartered Accountant and he is a partner of M/s Jawahar & associates with over three decades of industry and consulting experience.

By Order of the Board

Managing Director

Place : Hyderabad

Date : 31-8-2012

## Explanatory Statement

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

### Item No. 4 to 5 :

Increase of Authorised Share Capital and alteration of Capital Clauses of the Memorandum and Articles of Association:

The Authorised Share Capital of the Company is Rs.11.00 Crores divided into 1,00,00,000 equity shares of Rs.10/- each and 10,00,000 preference shares of Rs. 10/- each.

In view of the current business plans of the Company, it is proposed to enhance the Authorised Share Capital from Rs.11.00 Crores to Rs.20.00 Crores and also amend the Capital Clause V of the Memorandum of Association and Article 4 of the Articles of Association accordingly.

Accordingly, the Board at its meeting held on 31.8.2012 approved the above proposals and recommended the same for your approval by way of Special Resolution.

None of the Directors is interested or concerned in the above proposed special resolutions except to the extent of the shares that may be subscribed by the Directors, their relatives and associates.

### Item No. 6 : Allotment of Equity Shares on preferential basis to Promoters :

1. **Objects and background of the Issue** : The purpose of the issue of equity shares on preferential basis is to clear the existing liabilities, for working capital and to explore other business opportunities.

#### 2. Relevant date and Pricing of the Issue

The 'relevant date' for the purpose of pricing of the equity shares, in accordance with the SEBI Regulations is 28<sup>th</sup> August,2012 being the 30<sup>th</sup> day prior to 28<sup>th</sup> September,2012 (i.e. the date on which the Annual General Meeting of the shareholders will be held, in terms of section 81(1A) of the Companies Act, 1956 to consider the proposed issue of equity shares on preferential basis)

"Pricing of the Issue" – The issue price of Rs10/- (Rupees Ten Only) arising out of the preferential issue of shares is in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and for the purpose of the above guidelines the relevant date would be 28<sup>th</sup> August, 2012.

3. **Intention of the subscribers to subscribe to the offer**: The subscription to the equity is intended to strengthen the financial capabilities of the company in view of the orders that the company is having. The subscription to the shares will help the company's augmented resources for its working capital and related long term resources on the new activity.

### 4. Identity of the proposed allottees and percentage of post issued capital that may be held:

Name and address of the proposed allottees	No. of shares proposed to be allotted	Amount (In Rs.)	Existing shareholding in the company	Shareholding after the preferential allotment	% of shareholding by the post Preferential allotment of Equity Capital
J.S.R DURGA PRASAD	5,90,000	59,00,000	85,400	6,75,400	4.92
TOTAL	5,90,000	59,00,000	85,400	6,75,400	4.92

### 5. Shareholding pattern before and after the offer

Category code	Category of Shareholder	Pre Issue		Post Issue	
		Number of shares	% of shareholding	Number of shares	% of shareholding
(A)	Shareholding of Promoter and Promoter Group				
1	Indian	1840012	19.68	24,30,012	17.70
(a)	Individuals / Hindu Undivided Family				
(b)	Central Government / State Government(s)	0		0	
(c)	Bodies Corporate	0		0	
(d)	Financial Institutions / Banks	0		0	
(e)	Any Others (Specify)	0		0	
	Sub-total (A)(1)				
2	Foreign				
A	Individuals(Non-resident individuals/foreign Individuals)	0		0	
B	Bodies Corporate	0		0	
C	Institutions	0		0	
D	Any Others (Specify)	0		0	
	Sub-total (A)(2)	0		0	
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	1840012	19.68	2430012	17.70

(B)	Public shareholding				
1	Institutions				
(a)	Mutual Funds/ UTI	0		0	
(b)	Financial Institutions / Banks	0		0	
(c)	Central Government / State Government(s)	0		0	
(d)	Venture Capital Funds	0		0	
(e)	Insurance Companies	0		0	
(f)	Foreign Institutional Investors	0		0	
(g)	Foreign Venture Capital Investors	0		0	
(h)	Any other (specify)	0		0	
	Sub-total (B) (1)	0		0	
B 2	Non-institutions				
(a)	Bodies Corporate	1243095	13.30	1943095	14.15
(b)	Individuals				
	i. Individual shareholders holding nominal share capital up to Rs.1 lakh	3353839	35.87	3346239	24.37
	ii. Individual shareholders holding nominal share capital in excess of Rs.1 lakh	2834658	30.32	5932258	43.21
(c)	Any Other				
a)	Clearing Member	66444	0.71	66444	0.48
b)	NRI	11952	0.13	11952	0.09
c)	Trust (HUF)				
	Sub-total (B)(2)	7509988	80.32	11299988	82.30
(B)	Total Public Shareholding				
	(B) = (B)(1)+(B)(2)	75,09,988	80.32	11299988	82.30
	TOTAL (A)+(B)	93,50,000	100.00	13730000	100.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-
(1)	Promoter and Promoter Group	-	-	-	-
(2)	Public	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	93,50,000	100.00	13730000	100.00

None of the proposed allottees have sold any shares during the six months prior to the relevant date.

#### **6. Proposed time with in which the allotment shall be completed :**

The allotment of shares shall be completed within 15 days from the date of passing the resolution by the shareholders, provided that where the allotment is pending on account of pendency of any approval from any regulatory authority or the Central Government, then the allotment shall be completed by the Company within a period of 15 days from the date on which the company receives all approvals from the concerned authorities and receipt of subscription from the investors.

#### **7. Composition of the Board / Control**

There will be no change in the composition of the Board and there will be not any change in control of the company as a result of the preferential issue of shares.

#### **8. Auditor's Certificate**

A copy of the certificate of the company's statutory auditor as per SEBI Regulations shall be placed before the shareholders.

The provisions of the Companies Act, 1956 contemplate consent of the members by way of special resolution in general meeting for further issue of shares to persons other than the existing holders of shares.

Shareholders consent is sought pursuant to Section 81 (1A) of the Companies Act, 1956 and in terms of the Listing Agreement with the Stock Exchanges to the issue of the above shares on preferential basis as set out in the resolution.

Your directors recommend the proposed resolution for approval

#### **Item No. 7 : Conversion of unsecured loans/allotment of Equity Shares on preferential basis to other than promoters :**

##### **1. Objects and background of the Issue :**

The purpose of the issue of equity shares on preferential basis is to clear the existing liabilities, for working capital and to explore other business opportunities.

##### **2. Relevant date and Pricing of the Issue**

The 'relevant date' for the purpose of pricing of the equity shares, in accordance with the SEBI Regulations is 28<sup>th</sup> August, 2012 being the 30<sup>th</sup> day prior to 28<sup>th</sup> September, 2012 (i.e. the date on which the Annual General Meeting of the shareholders will be held, in terms of section 81(1A) of the Companies Act, 1956 to consider the proposed issue of equity shares on preferential basis)

"Pricing of the Issue" – The issue price of Rs10/- (Rupees Ten Only) arising out of the preferential issue of shares is in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and for the purpose of the above guidelines the relevant date would be 28<sup>th</sup> August, 2012.

**3. Intention of the subscribers to subscribe to the offer:** The subscription to the equity is intended to strengthen the financial capabilities of the company in view of the orders that the company is having. The conversion of unsecured loans into shares and subscription to shares will help the company's augmented resources for its working capital and related long term resources on the new activity.

**4. Identity of the proposed allottees and percentage of post issued capital that may be held:**

Name and address of the proposed allottees	No. of shares proposed to be allotted	Amount (In Rs.)	Existing shareholding in the company	Shareholding after the preferential allotment	% of shareholding by the post Preferential allotment of Equity Capital
R. Janakilakshmi (conversion of unsecured loans)	5,00,000	50,00,000		5,00,000	3.64
P. Prabhavathi (conversion of unsecured loans)	5,00,000	50,00,000		5,00,000	3.64
Atlanta International Limited (Fresh issue)	5,00,000	50,00,000		5,00,000	3.64
KLK Electricals Limited fresh issue)	2,00,000	20,00,000		5,00,000	1.46
Ch Lakshmana Kumar (fresh issue)	2,00,000	20,00,000	5000	2,05,000	1.49
J Venkat Kanada fresh issue)	1,00,000	10,00,000		1,00,000	0.73
J Srinivas Murthy (fresh issue)	2,10,000	21,00,000		2,00,000	1.53

Name and address of the proposed allottees	No. of shares proposed to be allotted	Amount (In Rs.)	Existing shareholding in the company	Shareholding after the preferential allotment	% of shareholding by the post Preferential allotment of Equity Capital
P S R K Sarma (conversion of unsecured loans)	2,50,000	25,00,000		2,50,000	1.82
M Suguna (fresh issue)	2,00,000	20,00,000		2,00,000	1.46
S Satyavathi (fresh issue)	1,00,000	10,00,000	300	1,00,300	0.73
P Himabindu (fresh issue)	2,00,000	20,00,000		2,00,000	1.46
P S Sarma (fresh issue)	1,30,000	13,00,000		1,00,000	0.95
P Muralimohan (fresh issue)	2,00,000	20,00,000	5000	2,05,000	1.49
G Narasimha Raju (fresh issue)	2,00,000	20,00,000	2000	2,02,000	1.47
P Kodandapani (fresh issue)	3,00,000	30,00,000	0	3,00,000	2.18

**5. Shareholding pattern before and after the offer**

Category code	Category of Shareholder	Pre Issue		Post Issue	
		Number of shares	% of shareholding	Number of shares	% of shareholding
(A)	Shareholding of Promoter and Promoter Group				
1	Indian	1840012	19.68	24,30,012	17.70
(a)	Individuals / Hindu Undivided Family				
(b)	Central Government / State Government(s)	0		0	
(c)	Bodies Corporate	0		0	
(d)	Financial Institutions / Banks	0		0	
(e)	Any Others (Specify)	0		0	
	Sub-total (A)(1)				
2	Foreign				
a	Individuals(Non-resident individuals/foreign Individuals)	0		0	
b	Bodies Corporate	0		0	
c	Institutions	0		0	
d	Any Others (Specify)	0		0	
	Sub-total (A)(2)	0		0	
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	1840012	19.68	2430012	17.70
(B)	Public shareholding				
1	Institutions				
(a)	Mutual Funds/ UTI	0		0	
(b)	Financial Institutions / Banks	0		0	
(c)	Central Government / \ State Government(s)	0		0	
(d)	Venture Capital Funds	0		0	
(e)	Insurance Companies	0		0	
(f)	Foreign Institutional Investors	0		0	
(g)	Foreign Venture Capital Investors	0		0	
(h)	Any other (specify)	0		0	
	Sub-total (B) (1)	0		0	

Category code	Category of Shareholder	Pre Issue		Post Issue	
		Number of shares	% of shareholding	Number of shares	% of shareholding
B 2	Non-institutions				
(a)	Bodies Corporate	1243095	13.30	1943095	14.15
(b)	Individuals				
	i. Individual shareholders holding nominal share capital up to Rs.1 lakh	3353839	35.87	3346239	24.37
	ii. Individual shareholders holding nominal share capital in excess of Rs.1 lakh	2834658	30.32	5932258	43.21
(c)	Any Other				
d)	Clearing Member	66444	0.71	66444	0.48
e)	NRI	11952	0.13	11952	0.09
f)	Trust (HUF)				
	Sub-total (B)(2)	7509988	80.32	11299988	82.30
(B)	Total Public Shareholding				
	(B) = (B)(1)+(B)(2)	75,09,988	80.32	11299988	82.30
	TOTAL (A)+(B)	93,50,000	100.00	13730000	100.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-
(3)	Promoter and Promoter Group	-	-	-	-
(4)	Public	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	93,50,000	100.00	13730000	100.00

None of the proposed allottees have sold any shares during the six months prior to the relevant date.

**6. Proposed time with in which the allotment shall be completed :**

The allotment of shares shall be completed within 15 days from the date of passing the resolution by the shareholders, provided that where the allotment is pending on account of pendency of any approval from any regulatory authority or the Central Government, then the allotment shall be completed by the Company within a period of 15 days from the date on which the company receives all approvals from the concerned authorities and receipt of subscription from the investors.



### 7. Composition of the Board / Control

There will be no change in the composition of the Board and there will be not any change in control of the company as a result of the preferential issue of shares.

### 8. Auditor's Certificate

A copy of the certificate of the company's statutory auditor as per SEBI Regulations shall be placed before the shareholders.

The provisions of the Companies Act, 1956 contemplate consent of the members by way of special resolution in general meeting for further issue of shares to persons other than the existing holders of shares.

Shareholders consent is sought pursuant to Section 81 (1A) of the Companies Act, 1956 and in terms of the Listing Agreement with the Stock Exchanges to the issue of the above shares on preferential basis as set out in the resolution.

None of the promoters / directors are interested in the subject matter of this resolution.

Your directors recommend the proposed resolution for approval

### Item No. 8 : Allotment of Convertible equity share warrants on preferential basis to promoters :

**1. Objects and background of the Issue :** The purpose of the issue of convertible equity share warrants on preferential basis is to clear the existing liabilities, for working capital and to explore other business opportunities.

### 2. Relevant date and Pricing of the Issue

The 'relevant date' for the purpose of pricing of the equity shares, in accordance with the SEBI Regulations is 28<sup>th</sup> August,2012 being the 30<sup>th</sup> day prior to 28<sup>th</sup> September,2012. (i.e. the date on which the Annual General Meeting of the shareholders will be held, in terms of section 81(1A) of the Companies Act, 1956 to consider the proposed issue of equity shares on preferential basis)

"Pricing of the Issue" – The issue price of Rs10./- (Rupees Ten Only) arising out of the preferential issue of shares is in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and for the purpose of the above guidelines the relevant date would be 28<sup>th</sup> August,2012

**3. Intention of the subscribers to subscribe to the offer:** The subscription to the equity is intended to strengthen financial capabilities of the company in view of the orders that the company is having. The subscription to shares will help the company's augmented resources for its working capital and related long term resources on the new activity.

### 4. Identity of the proposed allottees and percentage of post issued capital that may be held:

Name and address of the proposed allottees	No. of shares proposed to be allotted	Amount (In Rs.)	Existing shareholding in the company	Shareholding after the preferential allotment	% of shareholding by the post Preferential allotment of Equity Capital
J.S.R DURGA PRASAD	6,20,000	62,00,000	6,75,400	12,95,400	8.78%
TOTAL	6,20,000	62,00,000	6,75,400	12,95,400	8.78%

### 5. Shareholding pattern before and after the offer

Category code	Category of Shareholder	Pre Issue		Post Issue	
		Number of shares	% of shareholding	Number of shares	% of shareholding
(A)	Shareholding of Promoter and Promoter Group				
1	Indian	24,30,012	17.70	30,50,012	21.25
(a)	Individuals / Hindu Undivided Family				
(b)	Central Government / State Government(s)	0		0	
(c)	Bodies Corporate	0		0	
(d)	Financial Institutions / Banks	0		0	
(e)	Any Others (Specify)	0		0	
	Sub-total (A)(1)				
2	Foreign				
a	Individuals(Non-resident individuals/foreign Individuals)	0		0	
b	Bodies Corporate	0		0	
c	Institutions	0		0	
d	Any Others (Specify)	0		0	
	Sub-total (A)(2)	0		0	
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	2430012	17.70	30,50,012	21.25

Category code	Category of Shareholder	Pre Issue		Post Issue	
		Number of shares	% of shareholding	Number of shares	% of shareholding
(B)	Public shareholding				
1	Institutions				
(a)	Mutual Funds/ UTI	0		0	
(b)	Financial Institutions / Banks	0		0	
(c)	Central Government / State Government(s)	0		0	
(d)	Venture Capital Funds	0		0	
(e)	Insurance Companies	0		0	
(f)	Foreign Institutional Investors	0		0	
(g)	Foreign Venture Capital Investors	0		0	
(h)	Any other (specify)	0		0	
	Sub-total (B) (1)	0		0	
B 2	Non-institutions				
(a)	Bodies Corporate	1943095	14.15	1943095	13.55
(b)	Individuals				
	i. Individual shareholders holding nominal share capital up to Rs.1 lakh	3346239	24.37	3346239	23.32
	ii. Individual shareholders holding nominal share capital in excess of Rs.1 lakh.	5932258	43.21	5932258	41.34
(c)	Any Other				
g)	Clearing Member	66444	0.48	66444	0.46
h)	NRI	11952	0.09	11952	0.08
i)	Trust (HUF)				
	Sub-total (B)(2)	11299988	82.30	11299988	78.75
(B)	Total Public Shareholding				
	(B) = (B)(1)+(B)(2)	11299988	82.30	11299988	78.75
	TOTAL (A)+(B)	13730000	100.00	14350000	100.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-
(5)	Promoter and Promoter Group	-	-	-	-
(6)	Public	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	13730000	100.00	14350000	100.00

None of the proposed allottees have sold any shares during the six months prior to the relevant date.

**6. Proposed time with in which the allotment shall be completed :**

**25% of the proposed allotment to be received on or before 13th day of October 2012 and the balance amount of 75% of the proposed allotment within 18 months from the date of passing the resolution,** provided that where the allotment is pending on account of pendency of any approval from any regulatory authority or the Central Government, then the allotment shall be completed by the Company within a period of 15 days from the date on which the company receives all approvals from the concerned authorities and receipt of subscription from the investors.

**7. Composition of the Board / Control**

There will be no change in the composition of the Board and there will be not any change in control of the company as a result of the preferential issue of shares.

**8. Auditor's Certificate**

A copy of the certificate of the company's statutory auditor as per SEBI Regulations shall be placed before the shareholders.

The provisions of the Companies Act, 1956 contemplate consent of the members by way of special resolution in general meeting for further issue of shares to persons other than the existing holders of shares.

Shareholders consent is sought pursuant to Section 81 (1A) of the Companies Act, 1956 and in terms of the Listing Agreement with the Stock Exchanges to the issue of the above shares on preferential basis as set out in the resolution.

None of the promoters / directors are interested in the subject matter of this resolution.

Your directors recommend the proposed resolution for approval

**By Order of the Board**

J.Murali Krishna

Managing director.

Place: Hyderabad

Date : 31.08.2012

## DIRECTORS REPORT

The Directors have pleasure in presenting their 14<sup>th</sup> Annual Report together with the Audited Accounts for the financial year ended 31<sup>st</sup> March 2012.

### FINANCIAL RESULTS:

Rs in Lakhs

Particulars	2011-12	2010-11
Total Income	2509.49	1724.78
Profit before Interest, Depreciation and Taxation	744.08	687.53
Interest	22.33	5.20
Depreciation	596.57	656.92
Extraordinary Items	19.46	
Profit before Taxation	105.72	25.41
Provision for Taxation	19.64	4.71
Profit after Taxation	86.08	20.70
Balance brought forward from previous year	454.47	433.77
Amount available for the appropriations	540.55	454.47
Surplus carried forward	540.55	454.47

### BUSINESS OUTLOOK AND MANAGEMENT DISCUSSION:

Your directors are pleased to share with you that your company has completed fourteen years.

#### E-Governance Services:

The company has received an order worth over Rs 45 Crs from consortium of public sector undertakings for Socio Economic Caste Census (SECC) in the states of Bihar and UP.

The company has bid for such other e-governance projects and expected to have a healthy order book position from this segment.

#### Financial Inclusion:

The company has increased its customer service points (CSP) working for State Bank of India to more than 200 centers in the state of Bihar. The business is growing at a healthy rate.

### Debtors Management:

The receivables from government continue to be accumulating with low recovery for varied reasons of delay in releases from the state governments.

### 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.1280.15 lakhs as compared to Rs. 1194.07 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, 2012.

#### Fixed Deposits:

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

### DIRECTORS:

#### 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, 2012, 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:**

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:**

A Cash Flow Statement for the year ended 31<sup>st</sup> March, 2012 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 2012-13 to the Bombay Stock Exchange Ltd.

#### **CORPORATE GOVERNANCE:**

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

#### **AUDIT COMMITTEE:**

Audit Committee consists of the Directors namely Sri V.Umapathi, Sri G T Murthy and Sri J.S.R.Durga Prasad

#### **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 upgradation of product and services development.

##### **C. Foreign Exchange Income and Outgo:**

	In Rs. Lakhs	
	<b>2011-12</b>	<b>2010-11</b>
Foreign Exchange Earnings :	84.37	37.88
Foreign Exchange 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  
**J. S. R. Durgaprasad**      **J. Muralikrishna**  
 Chairman                      Managing Director

Place : Hyderabad

Date : 31.8.2012

**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	25.00
Non-Executive Promoter Directors	1	25.00
Independent Non-Executive Directors	2	50.00
Total	4	100.00

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. Umaphathi	15500
4.	Sri G.T. Murthy	2500

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 2011-2012:**

The Company's Corporate Governance Policy requires the Board to meet at least four times in a year. The Board met five (5) times in the year 2011-12 on 15<sup>th</sup> May, 2011, 12<sup>th</sup> Aug, 2011, 5<sup>th</sup> Sept, 2011, 13<sup>th</sup> Nov, 2011, and on 13<sup>th</sup> Feb, 2012.

Sl.No.	Name	Category	Attendance Particulars of other Directorships				
			B.M	AGM	Directorships*	Committee	Chairman
1.	Sri J.S.R.Durga Prasad Chairman	Promoter, Non-Executive	5	Yes	-	-	-
2.	Sri J.Murali Krishna Managing Director	Promoter Executive	5	Yes	-	-	-
5.	Dr.G.T.Murthy	Independent Non-Executive	4	Yes	-	-	-
6.	Sri V.Umapathi	Independent Non-Executive	5	Yes	2	-	-

\* 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 V Umapathi retires by rotation and being eligible offers himself for re-appointment. The information details to be provided for the aforesaid director under Corporate Governance code are as under:

Mr V Umapathi, FCA aged 58 years, is a Chartered Accountant and he is a partner of M/s Jawahar & Associates with over three decades of industry and consulting experience.

**3. Audit Committee:**

During the year, the Audit Committee was reconstituted and Committee consists of 1. Sri V.Umapathi –Chairman (Independent, Non-executive) 2. Sri G T Murthy- Member (Independent, Non-executive) 3. Sri J.S.R.Durga Prasad – Member (Non-Independent, Non Executive). 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 (4) Audit Committee meetings were held during the year 2010-11 on 15<sup>th</sup> May, 2011, 12<sup>th</sup> Aug, 2011, 13<sup>th</sup> Nov, 2011, and on 13<sup>th</sup> Feb, 2012.

S.No	Name of Director	Meetings held	Meetings Attended
1	Sri V.Umapathi	4	4
2	Sri J.S.R.Durga Prasad	4	4
3	Sri G T Murthy	4	4

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 G T Murthy	1	1
3	Sri J.S.R.Durga Prasad	1	1

During the year the Committee held its meeting on 13<sup>th</sup> Feb, 2012.

**a) 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.

**b) Remuneration Paid to directors during 2011-2012:**
**i) Executive Director**

S. No.	Name	Position	Salary Rs. (PA)	Commission	P.F & HRA	Total Rs. (PA)
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.

SI No	Name of the Director	Total Sitting Fee Paid
1	Sri J S R Durga Prasad	Rs 15000
2	Sri V Umpathi	Rs 15000
3	Sri G T Murthy	Rs 12000

**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 Dr. G.T. Murthy, Chairman of the meeting. The Committee, inter alia, oversees and reviews all matters connected with the investor services and ensures that the shareholders grievances are redressed in time.

Four(4) Committee meetings were held viz., 15<sup>th</sup> May, 2011, 12<sup>th</sup> Aug, 2011, 13<sup>th</sup> Nov, 2011, and on 13<sup>th</sup> Feb, 2012 and attended by all the members. The Company received one query during the year 2011-2012 and it was replied.

There were no pending valid requisitions for transfer of shares as on 31<sup>st</sup> March, 2012.

**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
11 <sup>th</sup>	30-09-2009	3 PM	Seminar Hall, Institute of Engineers(India), Khairatabad, Hyderabad	2
12 <sup>th</sup>	31-12-2010	9 AM	Royal Function Hall, Moti Nagar, Hyderabad	4
13 <sup>th</sup>	29-09-2011	10.30 AM	Royal Function Hall, Moti Nagar, Hyderabad	-

- b) None of the resolutions have been proposed to be passed through postal ballot.  
c) No Extraordinary General Meeting was held during the year 2011-12.

- 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                  28<sup>th</sup> September, 2012 at 10.30AM  
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 2012                  15<sup>th</sup> of November, 2012  
Un-Audited results for Quarter ending 31<sup>st</sup> December 2012                  15<sup>th</sup> of February, 2013  
Un-Audited results for Quarter ending 31<sup>st</sup> March 2013                  15<sup>th</sup> of May, 2013

Date of Book Closure	24 <sup>th</sup> Sept 2012 to 28 <sup>th</sup> Sept 2012 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 (2011-12) on BSE are:

Month	High	Low	No. of Shares Traded
11-Apr	11.3	7.02	852549
11-May	11.91	8.4	989601
11-Jun	9.34	7.4	711334
11-Jul	8.75	7.7	650370
11-Aug	8	6.37	234673
11-Sep	8.4	6.4	352881
11-Oct	7.1	6.36	140478
11-Nov	7.09	5.95	180469
11-Dec	6.75	5.82	91305
12-Jan	7.1	6.02	175639
12-Feb	8.09	6.51	312952
12-Mar	7.58	5.81	189746

4881997

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

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

**12. Dematerialization & Liquidity:**

Majority of the shares i.e. 89.70 % of your Company were dematerialized as on 31-3-2012. 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 2012:

Nominal Value	Holders		Amount	
	Number	% of Total	In Rs.	% of Total
Upto – 500	3688	72.30	7832590	8.38
501 - 1000	571	11.19	4904330	5.25
1001 - 2000	345	6.76	5454150	5.83
2001 - 3000	147	2.88	3784230	4.05
3001 - 4000	73	1.43	2710200	2.90
4001 - 5000	71	1.39	3454950	3.70
5001 - 10000	107	2.11	8182030	8.75
Above 10000	99	1.94	57177520	61.14
<b>TOTAL</b>	<b>5101</b>	<b>100.00</b>	<b>93500000</b>	<b>100.00</b>

b) Shareholding Pattern as on 31<sup>st</sup> March 2012:

S.No.	Category	No. of Shares	Percentage
1.	Promoters	1684112	18.01
2.	Persons Acting in concert	155900	1.67
3.	Mutual Funds	-	-
4.	Banks/ Financial Institutions	-	-
5.	Private Bodies Corporate	1243095	13.30
6.	Public	6188497	66.19
7.	NRIs / OCBs	11952	0.12
8.	Clearing Members	66444	0.71
	<b>TOTAL</b>	<b>93,50,000</b>	<b>100.00</b>

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

M/s. Venture Capital & Corporate Investments Pvt. Ltd; MIG-167, D.No.12-10-167, Bharatnagar 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, Bharatnagar 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, violative of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of 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.

**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, 2012.

For **VEDAVAAG Systems Limited**

Place : Hyderabad

Date : 31.08.2012

**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 2012, 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

Place: Hyderabad

**R.V. Chalam**

Date: 31.08.2012

Partner

M No. 21423

**AUDITORS REPORT**

To  
The Share holders of  
M/s Vedavaag Systems Limited  
Hyderabad.

1. We have audited the attached Balance Sheet of **M/s Vedavaag Systems Limited**, Hyderabad as at 31<sup>st</sup> March, 2012, Profit and Loss Account and the Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with the Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our Audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004 (together 'the Order'), issued by the Central Government of India in terms of sub-section (4A) of section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraphs 3 above, 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, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account;

d. in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report comply with the mandatory Accounting Standards referred to in section 211 (3C) of the Companies Act, 1956;

e. based on information and explanations given to us, we report that none of directors are disqualified as on 31<sup>st</sup> March, 2012 from being appointed as directors in terms of section 274(1)(g) of the Companies Act, 1956;

f. in our opinion and to the best of our information and according to the explanations given to us,

the said accounts read with the Significant Accounting Policies and notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India:

(i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2012;

(ii) In the case of the Profit and Loss Account, 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.

**for MAHESH, VIRENDER & SRIRAM**

Chartered Accountants

Firm Reg. No. 001939 S

Sd/-**R.V. Chalam**

Partner

M No. 21423

Place : Hyderabad

Date : 31.08.2012

## ANNEXURE TO 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 lacs 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 with in 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, Employee's State Insurance, Sales Tax, Customs Duty, Excise Duty, Cess, Investor Education and Protection Fund and other material statutory dues with the appropriate authorities. According to the information and explanations given to us, *TDS of Rs. 4,04,380/-* has not yet been deposited with the appropriate authorities.
- (b) According to the information and explanations given to us, the undisputed amounts payable in respect of *Income Tax is Rs. 44,62,842/-* as on 31<sup>st</sup> March 2012.
- 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 record 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

Place : Hyderabad

Date : 31-08-2012

Sd/- **R.V. Chalam**

Partner

M No. 21423

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

403, West Block, Siri Sai Orchid, madhapur, Hitech City, Hyderabad - 500 081.

**BALANCE SHEET AS AT 31ST MARCH, 2012**

Particulars	Note No	As at 31.03.2012 Rs.	As at 31.03.2011 Rs.
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's Funds</b>			
Share Capital	2	93,500,000	93,500,000
Reserves and Surplus	3	128,015,311	119,407,263
<b>Non-Current Liabilities</b>			
Deferred tax liabilities (Net)	4	32,909,013	32,909,013
Other Long term liabilities	5	73,456,627	69,528,627
<b>Current Liabilities</b>			
Short-term borrowings	6	11,473,181	82,726,982
Trade payables	7	79,342,455	8,765,088
Other current liabilities	8	5,159,162	5,319,417
Short-term provisions	9	1,964,000	1,535,039
<b>TOTAL</b>		<b>425,819,749</b>	<b>413,691,429</b>
<b>Assets</b>			
<b>Non-current assets</b>			
<i>Fixed assets</i>			
Tangible assets	10	99,385,405	213,828,080
Capital work-in-progress	11	52,083,808	52,083,808
Non-current investments	12	200,000	200,000
Other non-current assets			
<b>Current assets</b>			
Current investments			
Inventories	13	3,254,127	7,546,842
Trade receivables	14	223,514,183	121,104,046
Cash and cash equivalents	15	5,883,857	1,521,901
Short-term loans and advances	16	35,859,875	14,775,953
Other current assets	17	5,638,494	2,630,799
<b>Total</b>		<b>425,819,749</b>	<b>413,691,429</b>

**Significant Accounting Policies** 1

The accompanying notes 2 to 25 are an integral part of the financial statements

As per our report of even date

**For MAHESH, VIRENDER & SRIRAM**

Chartered Accountants

Sd/- R.V. Chalam

Partner

M.No. 21423

Place: Hyderabad

Date: 31.08.2012

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

J. S. R. Durgaprasad

Chairman

J. Muralikrishna

Managing Director

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

403, West Block, Siri Sai Orchid, madhapur, Hitech City, Hyderabad - 500 081.

**PROFIT & LOSS STATEMENT FOR YEAR ENDED 31ST MARCH, 2012**

Particulars	Note No	for the year ended 31.03.2012 Rs.	for the year ended 31.03.2011 Rs.
<b>Income:</b>			
Revenue from operations	18	250,822,415	172,454,467
Other Income	19	126,700	23,932
<b>Total Revenue</b>		<b>250,949,115</b>	<b>172,478,399</b>
<b>Expenses:</b>			
Project Expenses	20	151,589,852	94,939,619
Employee benefit expense	21	15,343,688	3,943,586
Financial costs	22	2,232,574	520,424
Depreciation and amortization expense	10	59,657,443	65,692,105
Other expenses	23	9,607,192	4,841,906
<b>Total Expenses</b>		<b>238,430,749</b>	<b>169,937,640</b>
Profit before extraordinary items and tax		12,518,366	2,540,759
Extraordinary Items	24	1,946,318	-
<b>Profit before tax</b>		<b>10,572,048</b>	<b>2,540,759</b>
<b>Tax expense:</b>			
Current tax		1,964,000	471,057
Profit(Loss) for the period		8,608,048	2,069,702
<b>Earning per equity share:</b>			
Basic & Diluted		0.92	0.22

**Significant Accounting Policies** 1

The accompanying notes are an integral part of the financial statements

As per our report of even date

**For MAHESH, VIRENDER & SRIRAM**

Chartered Accountants

Sd/- R.V. Chalam

Partner

M.No. 21423

Place: Hyderabad

Date: 31.08.2012

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

J. S. R. Durgaprasad

Chairman

J. Muralikrishna

Managing Director

**CASH FLOW STATEMENT**

		for the year ended March 31,2012	for the year ended March 31,2011
a.	Cash Flow from Operating Activity	12,804,622	3,061,183
	Net Profit before Interest and Tax		
	Adjustments for:		
	Income Tax	(1,964,000)	(471,057)
	Deferred Tax		
	Depreciation	59,657,443	65,692,105
	Impaired assets W/off	54,785,233	
	Increase/Decrease in Inventory	4,292,715	(1,025,835)
	Increase/Decrease in Bills Receivables	(102,410,137)	(27,034,258)
	Increase/Decrease in Loans & Advances	(22,991,617)	9,668,683
	Increase/Decrease in Current Liabilities & Provisions	70,846,073	(5,482,996)
	Net Cash Flow From Operating Activity	75,020,332	44,407,825
b.	Cash Flow from Investing Activity		
	Increase in Investments		(100,000)
	Purchase of Fixed Assets	-	(30,368,431)
	Net Cash Flow From Investing Activity	-	(30,468,431)
c.	Cash Flow From Financing Activity		
	Proceeds from Borrowings - Term oan	3,928,000	(36,130,505)
	Proceeds from Borrowings - Unsecured Loans	(71,253,801)	22,797,039
	Interest Paid	(2,232,574)	(520,424)
	Net Cash Flow From Financing Activity	(69,558,375)	(13,853,890)
d.	Net increase in cash equivalents during the year	5,461,957	85,504
	Cash and cash equivalents at the beginning of the year	421,902	336,398
	Cash and cash equivalents at the end of the year	5,883,859	421,902

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**
**Note No. 1 :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: Advances paid towards acquisition of Fixed Assets and the cost of Assets not put to use before the year end are disclosed under capital working progress.
4. Depreciation: Depreciation on fixed assets has been provided on Straight Line method.
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 Currency Transactions 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.

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 31st March 2012		As at 31st March 2011	
	Number	Rs.	Number	Rs.
<b>Authorised</b>				
Equity Shares of Rs.10/- each	10,000,000	100,000,000	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
		110,000,000		110,000,000
<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 2012		As at 31st March 2011	
	No of Shares Held	% of holding	No of Shares Held	% of holding
J. Murali Krishna	1598712	17.1	332725	3.56
J.S.R. Durga Prasad	85400	0.91	1185400	12.68

**Notes to Financial Statements**
**As at 31st  
March 2012  
Rs.**
**As at 31st  
March 2011  
Rs.**
**Note No - 3**
**Reserves & Surplus**

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		

**Opening Balance**
**45,447,100**      **43,377,398**

Net Profit / (Net Loss) for the current year

8,608,048      2,069,702

**Closing Balance**
**54,055,148**      **45,447,100**
**GRAND TOTAL**
**128,015,311**      **119,407,263**
**Note No:- 4**

Deferred tax Liabilities (Net)

32,909,013      32,909,013

**Note No:- 5**

Other Long term liabilities

(a) Trade Payables

11,565,000      19,537,000

(b) Others

61,891,627      49,991,627

**Total**
**73,456,627**      **69,528,627**
**Note No:- 6**
**Short-term borrowings**
**Secured**

[a] Loans repayable on demand

From Banks - Working Capital

2,084,814      3,055,602

Short Term Loan from banks

9,388,367      79,671,380

[Secured by Hypothecation of all assets of the company. Further the loan has been guaranteed by the personal guarantee by Chairman and Managing Director of the Company.

Cash credit is repayable on demand and carries rate of interest of 17% p.a. Short term loan from bank is repayable in installments and carries interest at the rate of 17% p.a.

**Total**
**11,473,181**      **82,726,982**



Notes to Financial Statements	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
<b>Note No:- 7</b>		
Trade payables	79,342,455	8,765,088
<b>Total</b>	<b>79,342,455</b>	<b>8,765,088</b>
<b>Note No:- 8</b>		
Other current liabilities		
(a) Interest accrued and due on borrowings	277,269	-
(b) Other Payables	4,881,893	5,319,417
<b>Total</b>	<b>5,159,162</b>	<b>5,319,417</b>
<b>Note No:- 9</b>		
Short-term provisions		
Provision for Income Tax	1,964,000	1,535,039
<b>Total</b>	<b>1,964,000</b>	<b>1,535,039</b>

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

Item	Rate of deprn.	GROSS BLOCK			DEPRECIATION			NET BLOCK		
		1.04.2011	Additions	Deletions/ Adj	31.03.2012	01.04.2011	Deletions/ Adj	for the year	31.03.2012	31.03.2011
Computer Hardware	162%	348,874,294			348,874,294	239,846,554	47,671,675	287,520,429	61,353,865	109,025,740
Computer software	162%	41,500,419			41,500,419	32,834,989	6,727,218	39,562,217	1,938,202	8,665,420
Library	4.75%	56,005			56,005	31,452	2,660	34,112	21,893	24,553
Air Conditioners	4.75%	1,455,842		1,365,734	90,108	633,602	68,162	71,882	18,256	82,240
Electrical Fittings	4.75%	15,524,419		7,908,341	7,444,078	3,560,080	729,240	1,481,529	5,982,549	11,786,329
Office Expenses	4.75%	243,935			243,935	121,521	11,587	133,108	110,827	122,414
Furniture & Fittings	6.35%	61,583,841		52,655,289	8,928,572	12,957,783	3,989,257	4,866,072	42,42,500	48,628,088
Vehicles	9.75%	1,720,462			1,720,462	1,048,589	167,745	1,217,314	503,148	670,883
Wireless Tower	3.34%	11,388,543		1,098,834	373,709	25,62,274	373,709	373,709	-	8,851,289
Project Dev.in progress	-	25,234,165			25,234,165	-	-	-	25,234,165	25,234,165
<b>Total</b>		<b>507,389,925</b>		<b>729,18,178</b>	<b>434,471,747</b>	<b>239,561,844</b>	<b>59,657,443</b>	<b>335,065,342</b>	<b>99,385,405</b>	<b>213,828,081</b>

Notes to Financial Statements	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
<b>Note No. - 11</b>		
Capital Work-in-Progress	52,083,808	52,083,808
<b>Note No. - 12</b>		
Non-current investments		
Other Investments		
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 as valued and certified by the management	3,254,127	7,546,842
<b>Note No. - 14</b>		
Trade receivables		
Outstanding for a period less than six months		
Unsecured, considered good		
from Govt. Parties	105,729,058	42,156,770
from others	1,629,706	1,735,569
Outstanding for a period exceeding six months		
Unsecured, considered goods		
from Govt. Parties and others	116,155,419	77,211,707
Less: Provision for doubtful debts		
<b>TOTAL</b>	<b>223,514,183</b>	<b>121,104,046</b>

Notes to Financial Statements	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
<b>Note No. - 15</b>		
Cash and cash equivalents		
Cash on hand	375,498	224,672
Balances with Banks		
In Current Account	1,803,359	197,229
Margin money Deposits	3,705,000	1,100,000
<b>TOTAL</b>	<b>5,883,857</b>	<b>1,521,901</b>
<b>Note No. - 16</b>		
Short-term loans and advances		
Deposits	13,500,000	5,000,000
Pre paid expenses	284,199	
Other advances	22,075,676	9,775,953
<b>TOTAL</b>	<b>35,859,875</b>	<b>14,775,953</b>
<b>Note No. - 17</b>		
Other current assets	5,638,494	2,630,799
	<b>Year Ended 31st March 2012 Rs.</b>	<b>Year Ended 31st March 2011 Rs.</b>
<b>NOTE No. - 18 : REVENUE FROM OPERATIONS</b>		
Sale of Services	250,822,415	172,454,467
<b>Total</b>	<b>250,822,415</b>	<b>172,454,467</b>
<b>NOTE No. - 19 : MISCELLANEOUS / OTHER INCOME</b>		
Other current assets	5,638,494	2,630,799
Interest Income	126,700	23,932
<b>Total</b>	<b>126,700</b>	<b>23,932</b>
<b>NOTE No. - 20 PROJECT EXPENSES</b>		
Purchases and consumables	4,388,780	990,250
Other expenses	147,201,072	93,949,369
<b>Total</b>	<b>151,589,852</b>	<b>94,939,619</b>

Notes to Financial Statements	Year Ended 31st March 2012 Rs.	Year Ended 31st March 2011 Rs.
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**NOTE No. - 21 : EMPLOYEE BENEFIT EXPENSES**

Salaries and Wages (Including Directors remuneration)	13,465,900	3,731,844
Welfare expenses	1,877,788	211,742
<b>Total</b>	<b>15,343,688</b>	<b>3,943,586</b>

**NOTE 22 : FINANCE COSTS**

Interest on Working capital	494,207	490,080
Interest on other loans	1,738,367	30,344
<b>Total</b>	<b>2,232,574</b>	<b>520,424</b>

**NOTE : 23 ADMINISTRATIVE AND MARKETING EXPENSES**

Audit Fees	137,875	137,875
Advertisement	28,529	35,247
Business Development	1,463,876	-
Books & Periodicals	12,458	9,428
Bank Charges	329,690	47,632
Conveyance	1,462,094	764,598
Directors Sitting Fees	42,000	39,000
Telephone & Internet	227,563	208,146
Miscellaneous expenses	1,245,637	406,048
Meeting Expenses	43,537	69,729
Postage & Courier	186,749	89,712
Printing & Stationery	347,564	114,524
Rent	465,783	651,871
Repairs & Maintenance	214,365	192,260
Share service charges	64,594	56,443
Travelling Expenses	1,265,839	531,964
Legal Expenses	105,000	40,000
Listing Fees	51,321	50,297
Vehicle Maintenance	215,246	112,453
Office Maintenance	1,697,472	1,284,679
<b>Total</b>	<b>9,607,192</b>	<b>4,841,906</b>

Notes to Financial Statements	Year Ended 31st March 2012 Rs.	Year Ended 31st March 2011 Rs.
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**NOTE : 24 EXTRA ORDINARY ITEMS**

Reduction in liability on one time settlement with IL&FS Financial Services Limited	52838916	-
Impairment in project assets	54785234	-
<b>Net Expenditure</b>	<b>1946318</b>	<b>-</b>

The impairment in project assets financed by IL & FS Financial Services Ltd is offset against the reduction in liability agreed to by the Lendor on one time settlement.

**NOTE No. - 25 ADDITIONAL NOTES ON ACCOUNTS**

	Rs. in Lakhs 2011-12	Rs. in Lakhs 2010-11
<b>1 Contingent Liabilities:</b>		
a. Claims against the company not acknowledged as debts:	240	110
b. Other money for which the company is contingently liable:		
Counter guarantees given in favour of company's bankers for guarantees issued by them	37	-
<b>2. Managerial Remuneration</b>		
Remuneration to Managing Director	12.00	12.00
<b>3. Auditors' remuneration</b>		
For Statutory Audit	0.75	0.75
For Tax Audit	0.25	0.25
Out of Pocket expenses	0.25	0.25
Service Tax	0.12	0.12
<b>4. Foreign Exchange Earnings &amp; Out go in Rs lakhs</b>		
In Flow	84.37	37.88
Outgo	-	-

5. Income tax liability aggregating to Rs 44.62 lakhs is pending payment and under reconciliation with Income tax Authorities for the adjustment of prepaid taxes to ascertain the net liability, if any

6. Related Party Disclosures .  
Transactions with related parties in the ordinary course of business

<b>Name of the Related Party</b>	<b>Nature of Transaction &amp; Amount</b>
J Muralikrishna	Remuneration - Rs. 12 Lakhs Unsecured Loan Rs. 240 Lakhs
J S R Durgaprasad Chairman	Unsecured Loan - Rs 17.0 Lakhs
J Sujata	Unsecured Loan of Rs 40 Lakhs

7. Earning Per share (EPS)

Net profit for the year in Rs	86.08	20.70
Amount available for equity share holders	86.08	20.70
Weighted average no. of shares	9350000	9350000
Earning per share basic and diluted Rs.	0.92	0.22
Face value of equity share Rs.	10	10

8. The composition of deferred tax liability of Rs. 329.09 lakhs is on account of timing differences relating to depreciation. During the year no additional provision for deferred tax has been made as it is felt that the existing provision is adequate.

9. 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.

10. 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.

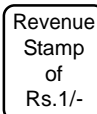
11. All figures have been rounded off to the nearest rupee.

12. No provisions has been made for retirement benefit pending actual valuation.

13. During the year ended 31-03-2012, the revised schedule VI notified under the Companies Act , 1956 has become appicabe to the Company, for preparation and presentation of its financial statements. The adoption of revised schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified/regrouped the previous year figures in accordance with the requirements applicable in the current year.

I/We of \_\_\_\_\_  
\_\_\_\_\_ being a  
Member/s of Vedavaag Systems Limited, here by appoint of \_\_\_\_\_  
\_\_\_\_\_ or, failing him/her  
\_\_\_\_\_ of \_\_\_\_\_ I as my/our proxy to  
vote for me/us on my/our behalf at the 14<sup>th</sup> Annual General Meeting of the Company to be held on the  
28<sup>th</sup> September, 2012, at 10.30 A.M at Royal Function Hall, Motingar, Hyderabad - 18 and at any  
adjournment thereof.

Signed this \_\_\_\_\_ Day of \_\_\_\_\_ 2012      Signature \_\_\_\_\_



**Note :** THIS FORM SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY  
NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING.

**VEDAVAAG SYSTEMS LIMITED  
ATTENDANCE SLIP**

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE  
MEETING HALL.

Folio/D.P. Id. :

Name of the Shareholders :

No. of Shares :

I hereby record my presence at the 11<sup>th</sup> Annual General Meeting of the Company held on 28<sup>th</sup> September,  
2012, at 10.30 A.M at Royal Function Hall, Motingar, Hyderabad - 18

Full Name of the Share Holder /Proxy \_\_\_\_\_ Signature of the Share Holders / Proxy \_\_\_\_\_

**Note :** No additional / duplicate Attendance Slip will be issued at the Meeting Hall.

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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**

- Signature : \_\_\_\_\_  
Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
Date : \_\_\_\_\_
- Signature : \_\_\_\_\_  
Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
Date : \_\_\_\_\_
- Signature : \_\_\_\_\_  
Name : \_\_\_\_\_  
Address : \_\_\_\_\_  
Date : \_\_\_\_\_

Name, Address and Signature of two Witnesses

Name and Address	Signature with Date
1.	
2.	

Instructions:

- 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.
- A Minor can be nominated by a Holder of shares and in that event, the name and address of the Guardian should be provided.
- 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.
- Nomination stands rescinded upon transfer of shares.
- Transfer of shares in favour of Nominee shall be valid discharge by the Company against the Legal heir.
- 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): \_\_\_\_\_