

BOARD OF DIRECTORS:

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

AUDITORS:

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

BANKERS:

Axis Bank Ltd
State Bank of India
State Bank of Mysore

REGD. OFFICE:

103, West Block, Sirisai Orchid,
Madhapur, Hitec City,
Hyderabad - 500 081.
Telangana State

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NOTICE

Notice is hereby given that the 17th Annual General Meeting of the members of **VEDAVAAG SYSTEMS LIMITED** will be held on 30th September 2015 at 11.30AM at Royal Garden Function Hall, Motinagar Hyderabad-500018 to transact the following business.

ORDINARY BUSINESS

1. Adoption of Financial Statements:

To receive, consider, and adopt the audited balance sheet as on 31st March 2015 and Profit and Loss Account of the company for the year ended 31st March, 2015 and reports of the Directors and Auditors thereon.

2 Appointment of Director:

To Appoint Mr. B. Locabhiram as Director who is liable to retire by rotation and being eligible offers himself for re-appointment.

3 Appointment of Auditors and fixing their remuneration:

To appoint M/S. Mahesh, Virender and Sriram as statutory auditors of the company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

i) To consider and if thought fit to pass the following resolution as an ordinary resolution.

Appointment of Mrs. J.Sujatha as Director of the company liable to retire by rotation.

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mrs.J.Sujatha (DIN:07014640), who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation”.

ii) .To consider and if thought fit to pass the following resolution as an ordinary resolution.

Appointment of Mr. V. Umapathi as Independent Director of the company.

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing agreement, Mr.V.Umapathi (DIN: 2099307.), be and is hereby appointed



Vedavaag Systems Limited

as a Director of the Company in the category of an Independent Director of the Company and holds office of director for a further period of 4 years”.

Place : Hyderabad

Date : 01.09.2015

By the Order of the Board

J.Murali Krishna

Managing Director

DIN No : 00016054

NOTES

1. A Member entitled to attend and vote at this Annual General Meeting (AGM) may appoint a proxy to attend and vote on a poll on his behalf. A proxy need not be a Member of the Company. Proxies, in order to be effective, must be received at the Registered Office of the Company not less than FORTY-EIGHT HOURS before the commencement of the AGM.
2. The Companies Act, 2013(New Act) was notified in the Gazette of India on 30th August, 2013 whilst only certain Sections of the New Act became effective from 12th September 2013. Accordingly, the New Act and the Companies Act, 1956 co-exist and both have been mentioned in the Notice, wherever applicable.
3. A Statement Pursuant to Section 102(1) of the Companies Act 2013, relating to the Special business to be transacted at the meeting annexed hereto.
4. The Share Transfer Register and Register of Members of the company remain closed from 27th September, 2015 to 30th September 2015(both days inclusive)
5. 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.
6. Shareholders are requested to intimate immediately any change in their address and bank account details registered with the company in case of physical form and in case of demat form to their DP holders directly.
7. A Separate Report of compliance with the provisions relating to Corporate Governance as required by Clause 49 of Listing agreement with the stock exchange is enclosed 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 the names will be entitled to vote.
9. The Copy of Memorandum and Articles of Association of the company is available for inspection by members on any working hours of the company and also at the place of meeting till the conclusion of the meeting.
10. Retirement of directors by rotation and appointment of independent directors.

Mr. B. Locabhiram retires by rotation and being eligible offers himself for reappointment as Director. The information details are provided under Corporate Governance Code as under:

Profile of Mr. B. Locabhiram

Mr.B.Locabhiram retired from Bharat Electronics Limited as Sr. Dy. General Manager. He has good experience in electronics, marketing, general administration and govt project Management.

Profile of Mr.V.Umapathi

Mr.V.Umapathi, FCA is a partner of M/s Jawahar and Associates. Sri .V.Umapathi has over two decades of experience in Industry and Consulting .He serves as an Independent Non-

Executive Director of Vedavaag Systems Limited (Formerly Sark Systems India Limited).

Profile of Mrs. J.Sujatha

Mrs.J.Sujata is a post graduate in History with Diploma in classical Music and is in teaching profession.

11. Voting through electronic means

Pursuant to Section 108 of the Companies Act, 2013, read with the relevant Rules of the Act, the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on 26th day of September 2015 i.e. the date prior to the commencement of book closure date are entitled to vote on the Resolutions set forth in this Notice. The remote e-voting period will commence at 9.00 a.m. on Sunday the 27th day of September 2015 and will end at 5.00 p.m. on 29th day of September 2015. The facility for voting through electronic voting system ('Insta Poll') shall be made available at the meeting and the members attending the meeting who have not cast their vote by remote e-voting shall be able to vote at the meeting through 'Insta Poll'. The e-voting module shall be disabled by CDSL for voting thereafter. The Company has appointed Mrs. P. Renuka, Practising Company Secretary, to act as the Scrutinizer, to scrutinize the Insta Poll and remote e-voting process in a fair and transparent manner. The Members desiring to vote through remote e-voting refer to the detailed procedure given hereinafter.

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

| For Members holding shares in Demat Form and Physical Form | |
|---|--|
| PAN | <p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> ● Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. |

| | |
|-----------------------|--|
| | <ul style="list-style-type: none"> ● In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field. ● Sequence number is available on the Address Sticker at the bottom side. |
| DOB | Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format. |
| Dividend Bank Details | <p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> ● Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv). |

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

- (xiv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
 - (xv) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
 - (xvi) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
 - (xvii) Note for Non – Individual Shareholders and Custodians
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
 - (xviii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.
 - (xix) The results shall be declared on or after the AGM. The results along with the Scrutinizer’s Report, shall also be placed on the website of the Company. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 17th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by M/s. CIL Securities Limited
20. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 23rd day of September 2015.
 21. The Register of Directors’ and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or arrangements in which the directors are interested under Section 189 of the Companies Act, 2013, will be available for inspection at the AGM.
 22. Relevant documents referred to in the accompanying Notice, as well as Annual Reports and Annual Accounts of the Company are open for inspection at the Registered Office

of the Company, during the office hours, on all working days between 10.00 A.M. to 5.00 P.M. up to the date of Annual General Meeting.

23. The Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21 and April 29, 2011 respectively), has undertaken a 'Green Initiative in Corporate Governance' and allowed companies to share documents with its shareholders through an electronic mode. Members are requested to support this green initiative by registering/uploading their email addresses, in respect of shares held in dematerialized form with their respective Depository Participant and in respect of shares held in physical form with the Company's Registrar and Share Transfer Agents.

Place : Hyderabad

Date : 01.09.2015

By the Order of the Board

J.Murali Krishna

Managing Director

DIN No : 00016054

**DIRECTOR'S REPORT**

Dear Members

The Directors are Pleased to Present the 17th Annual Report for the year ended 31st March 2015.

Financial Results:

(Rs In lakhs)

| Particulars | 2014-15 | 2013-14 |
|---|---------|---------|
| Total Income | 6707.13 | 6299.00 |
| Profit before Interest, Depreciation and Taxation | 1251.34 | 1055.32 |
| Interest | - | 10.92 |
| Depreciation | 847.08 | 666.26 |
| Extraordinary Items | | |
| Profit before Taxation | 404.26 | 378.14 |
| Provision for Taxation | 114.29 | 130.69 |
| Profit after Taxation | 289.97 | 247.45 |
| Balance brought forward from previous year | 1154.91 | 907.46 |
| Amount available for the appropriations | 1444.88 | 1154.91 |
| Surplus carried forward | 1444.88 | 1154.91 |

BUSINESS OUTLOOK AND MANAGEMENT DISCUSSION

Your Directors are pleased to share with you that your company has completed seventeen years and achieved a turnover of Rs.67.07 Crs during the year.

E-Governance Services:

The Company continues to get good e-Governance orders for projects such as national population register and Biometric data collection for Aadhaar card generation and more recently project from Stock Holding as Business Associate.

Financial Inclusion:

The Company is associated with State Bank of India, State Bank of Patiala, Punjab National Bank, Central Bank and Bank of Baroda and has transaction volumes of over Rs 600 Cr in the last year with an account holder base of over 5 lacs. The Company is aggressively pursuing this direction to expand its operations to other Hindi Speaking States apart from Bihar.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:**SHARE CAPITAL:**

The paid up Share capital of the company now stands at RS.13,63,00,000 represented by 1,36,30,000 equity shares of Rs. 10/- each after preferential allotment of Rs4,28,00,000/.

RESERVES AND SURPLUS:

During the year under review the reserves and surplus stood at 1915.43 Lakhs as compared to Rs.1891.59 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 31st March 2015.

FIXED DEPOSITS:

The Company has not invited/accepted any fixed deposits.

DIRECTORS RESPONSIBILITY STATEMENT:

To the best of their knowledge and belief and according to the information and explanation obtained by them, your Directors make the following in terms of section 134(5) of companies act 2013.

- i) That in accordance with the preparation of the accounts for the financial year ended 31st March, 2015, 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 applies them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit of the company for the year under review.
- iii) That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities ;and
- iv) That the directors have prepared the annual accounts on a 'Going Concern' basis.

EXTRACT OF ANNUAL RETURN:

Pursuant to subsection 3(a) of section 134 and subsection (3) of section 92 of the companies act 2013 read with rule 12 of the companies (Management and administration) rules 2014, the extract of annual return as at 31st March 2015 forms part of this report as annexure

PARTICULRS OF LOANS, GUARANTEES AND INVESTMENTS

During the year under review the company did not give any loans nor provided guarantees nor made investments covered under the provisions of section 186 of the companies Act 2013.

CORPORATE SOCIAL RESPONSIBILTY POLICY:

Since your Company do not have the net worth of Rs. 500 Crore or more, or turnover of Rs. 1000 Crore or more, or a net profit of Rs. 5 Crore or more during the financial year, section 135 of the Companies Act, 2013 relating to Corporate Social Responsibility is not applicable and hence the Company need not adopt any Corporate Social Responsibility Policy.

RELATED PARTY TRANSACTIONS:

There are no particulars of contracts or arrangements with related parties referred to subsection (1) of section 188 of the companies Act 2013.

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY:

There are no material changes and commitments

STATUTORY AUDITORS:

The Auditors M/S Mahesh, Virender and 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.

REPLIES TO AUDITOR'S REPORT:

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

SECRETARIAL AUDIT REPORT:

Pursuant to the Provisions of section 204 of the companies Act 2013 and the Companies (appointment and Remuneration of Managerial personnel) Rules, 2014, the company has appointed Mrs. Himabindu Dulipala, Company Secretary in practice to undertake the Secretarial Audit of the company. The Secretarial Audit Report confirms that the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines etc, subject to the following observations:

1. Section 203 of Companies Act, 2013, is not complied with.

The appointment of Whole Time Secretary is in Progress.

CASH FLOW STATEMENT:

Cash flow statement for the year ended 31st March, 2015 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 2009, onwards. The BSE Scrip code number 533056 and ISIN NO of the company INE359B01010. The company has paid Annual Listing Fees for the year 2015-2016 to the Bombay Stock Exchange.

CHANGE IN THE NATURE OF BUSINESS:

There is no change in the nature of business of the company, during the year under review.

DECLARATION OF INDEPENDENCE:

In accordance with section 149(7) of the companies' act 2013 each Independent Director confirmed the company he or she meets the criteria of Independence laid down in section 149(6) of Companies Act 2013 and Clause 49 of the Listing agreement.

APPOINTMENT OF DIRECTORS AND REMUNERATION POLICY:

The assessment and appointment of members to the Board is based on the combination of criterion that includes ethics personal and professional stature domain

In accordance with section 178(3) of the companies Act 2013 Clause 49

(IV)(B) of Listing Agreement and on recommendation of the Nomination and Remuneration Committee the Board adopted a remuneration policy for the Directors key management Personnel (KMP's) and senior management . The Policy is attached as an annexure to Board's report.

WOMAN DIRECTOR:

In terms of section 149(1) of the Companies Act 2013, the Board at its meeting held on 31st March 2015, has appointed Mrs.Sujata Jonnavittula as an additional Director in the category of women director and a resolution is being proposed at the ensuing Annual General Meeting appointing Mrs. Sujata Jonnavittula wife of Chairman JSR Durgaprasad as director of the company liable to retire by rotation.

NUMBER OF BOARD MEETINGS:

The Board of Directors met ten times in the year. Details of Board meeting are laid out in Corporate Governance Report which forms part of Annual Report.

AUDIT COMMITTEE:

The Audit Committee of the Board of Directors consists of all Independent Directors .The Board has accepted all the recommendation made by audit committee during the year.

CORPORATE GOVERNANCE:

Corporate Governance report is set out as annexure to the Report

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:

The required information as per section 134(3)(m) of the companies Act 2013 is provided here under.

1. Conservation of Energy:

The operations of the company involve low energy consumption; adequate measures however have been taken to conserve energy.

i) Technology Absorption:

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

Foreign Exchange Income and Out go:

| Foreign Exchange | 2014-2015 | 2013-2014 |
|------------------|-----------|-----------|
| Income | - | - |
| Out Go | - | - |

PERSONNEL:

As regards ,information pursuant to section 197(12) of the companies act 2013 ,read with rules 5(1)and 5(2) of the companies (appointment and remuneration of managerial personnel rules 2014) ,there are no employees governed by the said provisions.

INDUSTRIAL RELATIONS:

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

INTERNAL CONTROL 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 Companies Act, 2013. The Company has not committed any of the defaults under section 164 of companies Act 2013 disqualifying the 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 Government authorities, Stock exchanges and employees for their continues support and confidence in the company.

For & on behalf of the board

Place: Hyderabad
Date : 01.09.2015

| | |
|-------------------------|-------------------------|
| JSR Durga Prasad | J.Murali Krishna |
| Chairman | Managing Director |

CAUTIONARY STATEMENT:

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

Annexure A

MGT 9

Extract of Annual Return

as on the Financial Year 31.03.2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

| | |
|--|---|
| (i) CIN | L72200TG1998PLC029240 |
| (ii) Registration Date | 16 April 1998 |
| (iii) Name of the Company | Vedavaag Systems Limited |
| (iv) Category / Sub-Category of the Company: | Company limited by shares (Indian Non-Government Company) |
| (v) Address of the Registered office and contact details: | 1-90-8/13, Siri Sai Orchid, Hitech, Madhapur, Hyderabad, Telangana, India-500081, |
| (vi) Whether listed company | Yes |
| (vii) Name, Address and Contact details of Registrar and Transfer Agent, if any: | M/s Venture Capital and corporate Investments Pvt LTD, Bharat Nagar Colony, Hyderabad-500018. |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

| Sl. No. | Name and Description of main products / services | NIC Code of the Product / services | % to total turnover of the company |
|---------|--|------------------------------------|------------------------------------|
| 1. | IT Sales & Service | 620 | 100% |

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

| S. NO | Name and Address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|-------|--------------------------------------|-----------------------|--------------------------------|------------------|--------------------|
| 1. | Vagdevi Sark Edutech Private limited | U72200TG2010PTC068972 | Subsidiary | 100 | Section 2(87) |
| 2. | Sarksys Haryana private limited | U74140TG2007PTC056084 | subsidiary | 100 | 2(87) |

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

i) Category-wise Share Holding:-

| Category-wise Share Holding | | | | | | | | | |
|--|---|----------|---------|-------------------|---|----------|---------|-------------------|--------------------------|
| Category of Share Holders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| (A) Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| (a) Individual/HUF | 1790319 | 123300 | 1913619 | 20.47 | 2380319 | 123300 | 2503619 | 18.37 | 4.33 |
| (b) Central Govt | - | - | - | - | - | - | - | - | - |
| (c) State Govt (s) | - | - | - | - | - | - | - | - | - |
| (d) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| (e) Banks / FI | - | - | - | - | - | - | - | - | - |
| (f) Any Other.... | - | - | - | - | - | - | - | - | - |
| Sub-Total (A) (1) | 1790319 | 123300 | 1913619 | 20.47 | 2380319 | 123300 | 2503619 | 18.37 | 4.33 |
| (2) Foreign | | | | | | | | | |
| (a) NRIs – Individuals | | | | | | | | | |
| (b) Other – Individuals | - | - | - | - | - | - | - | - | - |
| (c) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| (d) Banks / FI | - | - | - | - | - | - | - | - | - |
| (e) Any Other.... | - | - | - | - | - | - | - | - | - |
| Sub-Total (A) (2) | - | - | - | - | - | - | - | - | - |
| Total Shareholding of Promoter(A) = (A) (1) + (A) (2) | 1790319 | 123300 | 1913619 | 20.47 | 2380319 | 123300 | 2503619 | 18.37 | 4.33 |
| (B) Public Shareholding | | | | | | | | | |
| (1) Institutions | | | | | | | | | |
| (a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| (b) Banks/FI | - | - | - | - | - | - | - | - | - |
| (c) Central Govt | - | - | - | - | - | - | - | - | - |
| (d) State Govt (s) | - | - | - | - | - | - | - | - | - |
| (e) Venture Capital funds | - | - | - | - | - | - | - | - | - |
| (f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| (g) FIs | - | - | - | - | - | - | - | - | - |
| (h) Foreign Venture | | | | | | | | | |

| Category-wise Share Holding | | | | | | | | | |
|---|---|----------|---------|-------------------|---|----------|----------|-------------------|--------------------------|
| Category of Share Holders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| Capital Funds | - | - | - | - | - | - | - | - | - |
| (i) Others (Specify) | - | - | - | - | - | - | - | - | - |
| Sub-Total (B)(1) | - | - | - | - | - | - | - | - | - |
| (2) Non- Institutions | | | | | | | | | |
| (a) Bodies Corp | | | | | | | | | |
| i. Indian | 915413 | - | 915413 | 9.79 | 509822 | 700000 | 1209822 | 8.88 | 3.15 |
| ii. Overseas | - | - | - | - | - | - | - | - | - |
| (b) Individuals | - | - | - | - | - | - | - | - | - |
| i. Individual share holders holding nominal share capital up to Rs. 1 lakh | 2494252 | 467837 | 2962087 | 31.68 | 2384618 | 461435 | 2846053 | 20.88 | -1.24 |
| ii. Individual share holders holding nominal share capital in excess of Rs 1 lakh | 3382358 | 133998 | 3516358 | 37.61 | 3704262 | 3152000 | 6856262 | 50.30 | 35.72 |
| (C) Others (Specify) | 42523 | 601837 | 42523 | 0.45 | 214244 | | 214244 | 1.57 | 1.84 |
| Sub-Total (B)(2) | 6834546 | 601837 | 7436381 | | 6812946 | 4313435 | 11126381 | 81.63 | 39.47 |
| Total Shareholding of Promoter= (B) (1) + (B) (2) | 6834546 | 601835 | 7436381 | | 6812946 | 4313435 | 11126381 | 81.63 | 39.47 |
| C. Shares held by custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 8624865 | 725137 | 9350000 | 100 | 8603265 | 5026735 | 13630000 | 100 | 45.78 |

(ii) Shareholding of Promoters

| Share Holder's Name | No. of Shares held at the beginning of the year | | | No. of Shares held at the end of the year | | | % Change during the year |
|-------------------------------|---|----------------------------------|--|---|----------------------------------|--|--------------------------|
| | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | |
| 1 Murali Krishna Jonnavittula | 15,98,712 | 17.10 | - | 15,98,712 | 11.73 | - | 0.00 |
| 2 J S R Durga Prasad | 121400 | 1.30 | - | 711400 | 5.22 | - | 5.22 |
| 3 Sujata Jonnavittula | 65,607 | 0.70 | - | 65,607 | 0.48 | - | 0.00 |
| 4 D V R S Sastry | 30,000 | 0.32 | - | 30,000 | 0.22 | - | 0.00 |
| 5 A Ravi Kishore | 27,000 | 0.29 | - | 27,000 | 0.20 | - | 0.00 |
| 6 BH Sarada | 19,800 | 0.21 | - | 19,800 | 0.15 | - | 0.00 |
| 7 S Nirmala | 15,000 | 0.16 | - | 15,000 | 0.11 | - | 0.00 |
| 8 A Jayasree | 12,500 | 0.13 | - | 12,500 | 0.09 | - | 0.00 |
| 9 D Ramadevi | 12,500 | 0.13 | - | 12,500 | 0.09 | - | 0.00 |
| 10 J Swarajya Lakshmi | 6,500 | 0.07 | - | 6,500 | 0.05 | - | 0.00 |
| 11 J Sita Maha Lakshmi | 4,600 | 0.05 | - | 4,600 | 0.03 | - | 0.00 |
| Total | 19,13,619 | 20.47 | - | 25,03,619 | 18.37 | - | 5.22 |

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

| S. No. | Particulars | Shareholding at the beginning of the year | | Shareholding at the end of the year | |
|----------|--|---|----------------------------------|-------------------------------------|----------------------------------|
| | | No. of Shares | % of total shares of the company | No. of Shares | % of total shares of the company |
| 1 | JSR Durga Prasad | | | | |
| 1 | At the beginning of the year | 121400 | 1.30 | 121400 | 0.89 |
| | Preferential allotment done on 27 th October 2014 | - | - | 590000 | 4.33 |
| | At the End of the year | 121400 | 1.30 | 711400 | 5.22 |

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

| S. No. | Particulars | Shareholding at the beginning of the year | | Shareholding at the end of the year | |
|--------|--|---|----------------------------------|-------------------------------------|----------------------------------|
| | | No. of Shares | % of total shares of the company | No. of Shares | % of total shares of the company |
| 1 | Rangam Ramanaiah Sunkara Nagaraju . At the beginning of the year Purchase / (Sale) during the year At the end of the year | - - - | - - - | 5,54,901 - - | 4.07 - - |
| 2 | Atlanta International Ltd At the beginning of the year Purchase / (Sale) during the year At the end of the year | - - - | - - - | 5,00,000 - - | - 3.67 - |
| 3 | R Janaki Lakshmi At the beginning of the year Purchase / (Sale) during the year At the end of the year | - - - | - - - | 5,00,000 - - | - 3.67 - |
| 4 | Prabhavathi Prabhala At the beginning of the year Purchase / (Sale) during the year At the end of the year | - - - | - - - | 5,00,000 - - | - 3.67 - |
| 5 | Rayapuraju Ravikumar Rao At the beginning of the year Purchase / (Sale) during the year At the end of the year | 3,79,386 - - | 4.06 - - | - - 3,79,386 | - - 2.78 |
| 6 | P Kondanda Pani At the beginning of the year Purchase / (Sale) during the year At the end of the year | - - - | - - - | - 3,00,000 - | - 2.20 - |
| 7 | Rajendra Naniwadekar At the beginning of the year Purchase / (Sale) during the year At the end of the year | 3,35,619 (62230) - | 3.59 - - | - - 2,73,389 | - - 2.01 |
| 8 | P S Rama Krishna Sarma At the beginning of the year Purchase / (Sale) during the year At the end of the year | - - - | - - - | - 2,50,000 - | - 1.83 - |

| | | | | | |
|----|---|----------------|------|--------|------|
| 9 | Rupali Samir Patil At the beginning of the year Purchase / (Sale) during the year At the end of the year | 226713 - | 2.42 | 226713 | 1.66 |
| 10 | Aditi Dilip Shete Sachin Ramesh Mhatre At the beginning of the year Purchase / (Sale) during the year At the end of the year | 217456 (56) | 2.33 | 217400 | 1.60 |

(v) Shareholding of Directors and Key Managerial Personnel:

| S. No. | Particulars | Shareholding at the beginning of the year | | Shareholding at the end of the year | |
|--------|---|--|----------------------------------|-------------------------------------|----------------------------------|
| | | No. of Shares | % of total shares of the company | No. of Shares | % of total shares of the company |
| | At the beginning of the year | 121400 | 1.30 | 121400 | 0.89 |
| | Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc): | (Preferential allotment done on 27th October 2014) | - | 590000 | 4.33 |
| | At the End of the year | 121400 | 1.30 | 711400 | 5.22 |

V. INDEBTEDNESS:

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

| Particulars | Shareholding at the beginning of the year | | Shareholding at the end of the year | |
|--|---|----------------------------------|-------------------------------------|----------------------------------|
| | No. of Shares | % of total shares of the company | No. of Shares | % of total shares of the company |
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | - | - | - | - |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i + ii + iii) | - | - | - | - |

| Particulars | Shareholding at the beginning of the year | | Shareholding at the end of the year | |
|---|---|----------------------------------|-------------------------------------|----------------------------------|
| | No. of Shares | % of total shares of the company | No. of Shares | % of total shares of the company |
| | - | - | - | - |
| Change in Indebtedness during the financial year | | | | |
| Addition | - | - | - | - |
| Reduction | - | - | - | - |
| Net Change | - | - | - | - |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | - | - | - | - |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | - | - | - |
| Total (i + ii + iii) | - | - | - | - |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

| Particulars of Remuneration | | Name of MD/WTD/ Manager | | | | Total Amount |
|--|---|-------------------------|---|---|---|--------------|
| | | J. Murali Krishna MD | | | | |
| 1 | Gross salary | | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 14,40,000 | - | - | - | 14,40,000 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 3,60,000 | - | - | - | 3,60,000 |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - | - | - |
| 2 | Stock Option | - | - | - | - | - |
| 3 | Sweat Equity | - | - | - | - | - |
| 4 | Commission- as % of profit-others, specify... | 2,47,452 | | | | 2,47,452 |
| 5 | Others, please specify | - | - | - | - | - |
| | Total (A) | 20,47,452 | - | - | - | 20,47,452 |
| Ceiling as per the Act (10% of the Profit calculated under Section 198 of the Companies Act, 2013) | | | | | | 24,74,519 |

B. Remuneration to other Directors:

| Particulars of Remuneration | Name of Directors | | | | Total Amount |
|--|-------------------|---------------|--------------|-------------|---------------|
| | V. Umapathi | B. Locabhiram | G.T. Murthy | J. Sujatha | |
| 3. Independent Directors • Fee for attending board / committee meetings • Commission • Others, please specify | 21000 | 18000 | 18000 | 3000 | |
| Total (1) | 21000 | 18000 | 18000 | 3000 | 60000 |
| 4. Other Non-Executive Directors • Fee for attending board / committee meetings • Commission • Others, please specify | | | | | |
| Total (2) | | | | | |
| Total (B) = (1) + (2) | 21000 | 18000 | 18000 | 3000 | 60000 |
| Total Managerial Remuneration | | | | | |
| Overall Ceiling (as per the Act 1% of profit calculated u/s 198 of the companies act 2013) | | | | | 247452 |

C. Remuneration to other Directors key managerial personnel other than MD/MANAGER/WTD:

| Sl. No. | Particulars | Key Managerial Personnel | | | |
|---------|---|--------------------------|----------|----------|----------|
| | | CEO | CS | CFO | Total |
| (a) | Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | - | - | - | - |
| (b) | Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - | - | - |
| (c) | Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | - | - |
| 2 | Stock Option | - | - | - | - |
| 3 | Sweat Equity | - | - | - | - |
| 4 | Commission- as % of profit- others, specify... | - | - | - | - |
| 5 | Others, please specify | - | - | - | - |
| | Total (A) | - | - | - | - |

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

| Type | Section of the Companies Act | Brief Description | Details of Penalty/ Punishment/ Compounding Fees Imposed | Authority [RD / NCLT/ COURT] | Appeal made, if any (give Details) |
|-------------------------------------|------------------------------|-------------------|--|------------------------------|------------------------------------|
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty - | - | - | - | - | - |
| Punishment- | - | - | - | - | - |
| Compounding | - | - | - | - | - |

CORPORATE GOVERNANCE REPORT

In terms of clause of 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 the Directors, Management and all employees of the company for increasing the shareholder's 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 | Percentage |
|-------------------------------------|-----------------|------------|
| Executive Promoter Director | 1 | 17 |
| Non –executive Promoter Director | 2 | 33 |
| Independent Non-Executive Directors | 3 | 50 |
| TOTAL | 6 | 100 |

Sri.J.S.R. Durga Prasad Chaired the Board Meetings and Annual General Meetings. The Chairman being a Non-executive Director(promoter) of the company, the Board has 2/3rd 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 Director | No of Equity shares held |
|------|------------------|--------------------------|
| 1. | Sri. V.Umapathi | 32500 |
| 2. | Sri.G.T.Murthy | 1000 |
| 3. | Sri.B.Locabhiram | NIL |
| 4. | J.Sujata | 65607 |

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 Shareholder's Grievance Committee and Remuneration Committee.

Board Meetings Held During the Year 2014-2015:

The Company's Corporate Governance policy requires the Board to meet at least Four times in a year. The Board met (10) in the Year 2014-2015 on 15th May 2014, 31st May 2014, 14th August 2014, 30th August 2014, 24th September 2014, 24th October 2014, 14th November 2014, 1st December 2014, 14th February 2015, 31st March 2015.

| Name of the Director and Designation | DIN No. | Attendance in FY 2014-15 | | No. of Directorships in other Cos | | Committee chairmanships and memberships in other Co.s | |
|--|----------|--------------------------|-----|-----------------------------------|--------|---|--------------|
| | | Board | AGM | Private | Public | Chair-manship | Mem-ber-ship |
| 1 Sri J.S.R.Durga Prasad Chairman | 00016037 | 10 | Yes | 2 | 0 | 0 | 1 |
| 2 Sri J.Murali Krishna Managing Director | 00016054 | 10 | Yes | 2 | 0 | 0 | 1 |
| 3 Dr. G.T.Murthy | 02718132 | 6 | Yes | 0 | 0 | 0 | 0 |
| 4 Sri V.Umapathi | 02099307 | 7 | Yes | 4 | 1 | 0 | 0 |
| 5 Sri B.Locabhiram | 06531372 | 6 | Yes | 0 | 0 | 0 | 0 |
| 6 Smt. J.Sujata | 07014640 | 1 | Yes | 1 | 0 | 0 | 0 |

*Alternate Directorships, Directorships in Private Bodies and Memberships 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 reappointment as Director. The information details are provided under Corporate Governance Code as under

3. Audit Committee

During the Year, the Audit Committee was reconstituted and committee consists of

1. Sri.V.Umapathi-Chairman (Independent Director)
2. Sri.G.T.Murthy (Independent Director)
3. Sri.J.S.R.Durga Prasad-Member (Promoter Director)

The Terms of the Reference of the audit committee specified by the board are as contained in Clause 49 of the Listing Agreement.

Details of the Meetings:

Four (4) Audit Committee meetings were held during the year 2014-2015 on 15th May 2014, 14th August 2014, 14th November 2014 and on 14th February 2015.

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

During the year the committee held its meeting on 14th February 2015.

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 and perks etc.

Remuneration paid to Directors during 2014-2015:

1) Managing Director:

| S. No | Name | Position | Salary (PA) | Variable Pay(PA) | Commission | P.F | Total |
|-------|------------------|------------------|-------------|------------------|------------|-----|-----------|
| 1. | J.Murali Krishna | ManagingDirector | 14,40,000 | 3,60,000 | 2,47,452 | - | 20,47,452 |

2) Non-Executive Directors:

The Sitting fee is paid to the directors is Rs3000(Rupees Three thousand only)for attending each Board Meeting ,apart from reimbursement of conveyance/incidental expenses .The company has not granted any stock options to its directors during the year.

| S.No | Name of the Director | Total Sitting Fee Paid |
|------|------------------------|------------------------|
| 1. | Sri.J.S.R.Durga Prasad | Rs.30,000/- |
| 2. | Sri.V.Umapathi | Rs.21,000/- |
| 3. | Sri.G.T.Murthy | Rs.18,000/- |
| 4. | Sri.B.locabhiram | Rs.18,000/- |
| 5. | Smt.J.Sujata | Rs.3,000/- |

5. Investor's Grievance and share Transfer Committee:

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

Two(2) Committee meetings were held on 14.08.2014 and 14.02.2015 and attended by all the members.

There are no pending requisitions .

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 meeting | No of Special Resolution passed |
|------------------|-------------|-----------------|---|---------------------------------|
| 14 th | 28-09-2012 | 10.30 A.M | Royal Function Hall, Motinagar, Hyderabad | 4 |
| 15 th | 26-09-2013 | 10.30 A.M | Royal Function Hall, Motinagar, Hyderabad | - |
| 16 th | 29-09-2014 | 11.00 A.M | FAPCCI Surana Udyog Hall, Redhills, Hyderabad | 1 |

- b) None of the resolutions had been proposed to be passed through postal ballot.
c) No Extraordinary General Meeting was held during the year 2014-2015.
d) Information on Directors seeking re-appointment as requires under clause49VI(A)of Listing Agreement with Stock Exchanges' is provides in the Notes to the Notice.

7. Disclosures:

- a) Materially significant related party transactions are disclosed in notes of the accounts in the Annual Report.
b) The company has complied with all the mandatory requirements as specified in the clause49 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 markets 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 news papers-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 30th September,2015 at 11.30A.M

Venue Royal Garden Function Hall, Motinagar,
Hyderabad-500018.

Financial Calendar (tentative Subject to change):

Un-Audited results for Quarter ending 30th September,2015

14th of November, 2015

Un-audited Results for Quarter ending 31st December, 2015

15th of February, 2016

Audited results for the quarter ending 31st March 2016

28th of May, 2016

Date of Book closure

26 September 2016 to 29th September 2016

Dividend Payment Date NA

Stock Exchange where company Bombay Stock Exchange Limited

Is Listed

BSE Scrip code 533056

Demat ISIN Number for

NSDL and CDSL INE359B01010

CIN L72200AP1998PLC029240

Outstanding ADR/GDR/Warrants NA

Any Convertible Instruments Nil

10. Market price Data:

Company's Equity shares were listed on Bombay Stock Exchange Ltd from March 17 2009.High and Low(based on closing prices) and the number of shares traded in the financial year (2014-2015) On BSE are:

| Month | High | Low | No of shares Traded |
|----------------|-------|-------|---------------------|
| April 2014 | 8.80 | 7.60 | 38,756 |
| May 2014 | 9.50 | 8.08 | 99,811 |
| June 2014 | 9.71 | 8.55 | 1,05,852 |
| July 2014 | 9.00 | 7.00 | 1,21,435 |
| August 2014 | 16.18 | 7.39 | 5,62,542 |
| September 2014 | 14.90 | 9.95 | 3,95,399 |
| October 2014 | 12.20 | 9.30 | 1,63,989 |
| November 2014 | 14.30 | 9.55 | 5,15,526 |
| December 2014 | 12.81 | 9.11 | 2,48,148 |
| January 2015 | 15.00 | 9.20 | 6,50,409 |
| February 2015 | 14.50 | 11.00 | 2,82,598 |
| March 2015 | 13.80 | 9.83 | 3,33,995 |

11. Demat Registrar and Share Transfer Agents:

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

12. Dematerialization & Liquidity:

Majority of the shares of your Company were dematerialized as on 31st March, 2015. 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 31st March 2015

13. Address for Shareholders' Correspondence:

| Shares | Holders | | Shares | |
|-----------------|-------------|------------|-----------------|------------|
| | Number | % of Total | No of Shares | % of Total |
| Upto - 500 | 3294 | 73.84 | 677723 | 4.97 |
| 501 - 1000 | 444 | 9.95 | 382304 | 2.80 |
| 1001 - 2000 | 286 | 6.41 | 447991 | 3.29 |
| 2001 - 3000 | 115 | 2.58 | 298620 | 2.19 |
| 3001 - 4000 | 60 | 1.34 | 220510 | 1.62 |
| 4001 - 5000 | 61 | 1.37 | 295549 | 2.17 |
| 5001 - 10000 | 90 | 2.02 | 687056 | 5.04 |
| 10001 and above | 111 | 2.49 | 10620247 | 77.92 |
| Total | 4461 | 100 | 13630000 | 100 |

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

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

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

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

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

16. Nomination Facility:

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

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

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

ANNEXURE -A
Form No. MR-3
SECRETARIAL AUDIT REPORT

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

TO,
THE MEMBERS,
VEDAVAAG SYSTEMS LIMITED

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Vedavaag Systems Limited, (Hereinafter called the 'Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Vedavaag Systems Limited's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of secretarial audit and as per the explanations given to me and the representations made by the Management, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2015 generally complied with the statutory provisions listed hereunder and also that the company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minutes' books, forms and returns filed and other records made available to me and maintained by Vedavaag Systems Limited for the financial year ended on 31st March, 2015 according to the applicable provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made there under;
- ii. The Securities Contracts (Regulations) Act, 1956 ('SCRA') and the rules made there under;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- iv. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992("SEBI Act"):-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insiders Trading) Regulations, 1992;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; and

I have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards of The Institute of Company Secretaries of India with respect to Board and General Meetings (yet to be specified under the act by the Institute).
- ii. The Listing Agreement entered into by the Company with BSE Limited.

During the period under review and as per the explanation and clarifications given to me and the representations made by the Management, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that:

- a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provision of the Act.
- b) I further report that as per the explanations given to me and the representations made by the Management and relied upon by me there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
- c) The directors have complied with the requirements as to disclosures of interests and concern in contracts and arrangements, shareholdings and directorships in other companies and interest in other entities.
- d) The company has complied with the requirements under the equity listing agreements entered into with the BSE Limited.
- e) The directors have complied with the disclosures requirements in respect to their eligibility of appointment, their being independent, compliance with the code of conduct for directors and senior management personnel as per clause 49 of the listing agreements and with the insider trading code of conduct.
- f) The company has issued, on preferential allotment basis 42,80,000 equity shares of Rs10/ each and equity warrants of 6,20,000 during the year and all the compliances relating to it have been complied with.
- g) The company has intimated to stock exchange by filing a return with respect to the change in shareholding position of promoter/top 10 share holders.

I further report that the company has not complied with the Provisions of Section 203 of the Companies Act 2013.

Place : Hyderabad

Date : 29-05-2015

Hima Bindu.Dulipala

ACS 35703,COP 13324

Note:

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

ANNEXURE A

TO

THE MEMBERS

VEDAVAAG SYSTEMS LIMITED

My report of even date is to be read along with this letter.

1. Maintenance of Secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on their secretarial records based on my Audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The Verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices followed provide a reasonable basis for my opinion.
3. The correctness and appropriateness of the financial records and Books of accounts of the company have not been verified.
4. Wherever required, I have obtained the Management representation about the compliances of laws, Rules, Regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. My examination is limited to verification of procedure on random test basis.
6. The Secretarial Audit is neither an assurance as to future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Hima Bindu.Dulipala

Practising Company Secretary

ACS35703,COP 13324

Place : Hyderabad

Date : 29-05-2015

ANNUAL CERTIFICATION

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

For Vedavaag Systems Limited,

Place: Hyderabad
Date : 01.09.2015

J. Murali Krishna
Managing Director

CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT**Declaration under clause 49 (I)(D)**

This is to certify that:

1. In pursuance of the provisions of Clause 49 (I)(D) of the Listing Agreement, a Code of Conduct has been laid down by the Company for all the Board members and the Senior Management Personnel of the Company.
2. The said Code of Conduct is also uploaded on the website of the Company.
3. All the Board Members and Senior Management Personnel have affirmed having complied with the said Code of Conduct during the year ended 31st March, 2015.

For Vedavaag Systems Limited,

Place : Hyderabad
Date : 01.09.2015

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 31st March 2015, 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 one month against the company as per records maintained by the shareholders / investors grievances committee.

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

For **Mahesh, Virender & Sriram**
Chartered Accountants

(Firm's Registration No.001939S)

(R.V.Chalam)

Partner

M.No.21423

Place : Hyderabad

Date : 29.05.2015



INDEPENDENT AUDITOR'S REPORT

To The Members of
M/s Vedavaag Systems Limited
Hyderabad.

Report on the Financial Statements

We have audited the accompanying financial statements of M/s Vedavaag Systems Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Management and Board of Directors of the Company are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with rule 7 of Companies (Accounts) Rules, 2014. This responsibility includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements, that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the

operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31st March 2015, its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters Specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014;
 - e. On the basis of written representations received from the directors as on March 31, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act ;
 - f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Notes 23 1(a) to the financial statements.
 - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.



- (iii) There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund, as such the question of delay in transferring such sums does not arise

For **Mahesh, Virender & Sriram**
Chartered Accountants
Firm Registration No 001939S

(R.V.Chalam)

Partner

M.No.021423

Place: Hyderabad

Date : 29.05.2015

Annexure to the Independent Auditor's Report

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets ;
 - (b) As explained to us, fixed assets have been physically verified by the management at regular intervals;
 - (c) As informed to us no material discrepancies were noticed on such verification;
- (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 explanations 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) The company has not granted any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of services. Further, on the basis of our examination of the books and records of the Company and according to the information and explanations given to us, no major weakness has been noticed or reported.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public covered under Section 73 to 76 of the Act.
- (vi) As informed to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of Section 148 of the Act.
- (vii) (a) According to the information and explanations given to us and based on the records of the company examined by us, the company is generally regular in depositing the undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and other material statutory dues, as applicable, with the appropriate authorities.
 - (b) According to the information and explanations given to us there were no undisputed statutory amounts payable as at 31st March, 2015 for a period of more than six months from the date they became payable.



- (c) There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund as such, the question of reporting delay in transferring such sums does not arise.
- (viii) 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.
- (ix) According to the information and explanations given to us and the records of the Company examined by us, we are of the opinion that the Company has not defaulted in repayment of dues to banks and financial institutions.
- (x) In our opinion, and according to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from banks or financial institution during the year
- (xi) In our opinion and according to the information and explanations given to us, the company has not raised any term loans during the year
- (xii) In our opinion and according to the information and explanations given to us, considering the size and nature of the Company's operations, no fraud of material significance on or by the Company has been noticed or reported during the course of the audit.

For **Mahesh, Virender & Sriram**
Chartered Accountants
Firm Registration No 001939S

(R.V.Chalam)
Partner
M.No.021423

Place: Hyderabad
Date: 29.05.2015



Balance Sheet as at 31st March, 2015

(in Rupees)

| Particulars | Note No. | As at 31.03.2015 | As at 31.03.2014 |
|---|-----------------|-----------------------------|-----------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholder's Funds | | | |
| Share Capital | 2 | 136,300,000 | 93,500,000 |
| Reserves and Surplus | 3 | 191,543,155 | 189,158,879 |
| Share Application Money Pending Allotment | | 1,240,000 | 44,040,000 |
| Non-Current Liabilities | | | |
| Deferred tax liabilities (Net) | 4 | 34,049,605 | 30,709,095 |
| Other Long term liabilities | 5 | 11,565,000 | 25,445,759 |
| Current Liabilities | | | |
| Trade payables | 6 | 532,525,274 | 449,605,651 |
| Other current liabilities | 7 | 66,838,332 | 80,030,205 |
| Short-term provisions | 8 | 8,088,350 | 7,565,726 |
| Total | | 982,149,716 | 920,055,315 |
| Assets | | | |
| Non-current assets | | | |
| <i>Fixed assets</i> | | | |
| Tangible assets | 9 | 201,818,646 | 174,546,821 |
| Capital work-in-progress | 10 | - | 138,442,237 |
| Non-current investments | 11 | 200,000 | 200,000 |
| Other non-current assets | | | |
| Current assets | | | |
| Current investments | | | |
| Inventories | 12 | 213,173,919 | 169,751,352 |
| Trade receivables | 13 | 442,109,432 | 274,041,455 |
| Cash and cash equivalents | 14 | 30,621,904 | 82,387,210 |
| Short-term loans and advances | 15 | 30,059,241 | 30,059,241 |
| Other current assets | 16 | 64,166,574 | 50,626,999 |
| Total | | 982,149,716 | 920,055,315 |

Significant Accounting Policies

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

As per our report of even date

for MAHESH,VIRENDER & SRIRAM

Chartered Accountants

Firm Registration No.001939S

R.V.CHALAM

PARTNER

Mem.No.21423

Place: Hyderabad

Date: 29-05-2015

for and on behalf of the Board of Directors

Vedavaag Systems Limited

J.S.R.DURGA PRASAD

CHAIRMAN

J. MURALI KRISHNA

MANAGING DIRECTOR


Profit and Loss for the Period ended 31st March, 2015 (in Rupees)

| Particulars | Note No. | For the year ended 31.03.2015 | For the year ended 31.03.2014 |
|----------------------------------|----------|-------------------------------------|-------------------------------------|
| Income: | | | |
| Revenue from operations | 17 | 663,818,637 | 624,523,562 |
| Other Income | 18 | 6,894,613 | 5,376,434 |
| Total Revenue | | 670,713,250 | 629,899,996 |
| Expenses: | | | |
| Project Expenses | 19 | 523,008,194 | 507,334,054 |
| Employee benefit expense | 20 | 10,060,347 | 9,665,625 |
| Financial costs | 21 | - | 1,092,291 |
| Depreciation | 9 | 84,708,471 | 66,626,572 |
| Other expenses | 22 | 12,510,161 | 7,367,477 |
| Total Expenses | | 630,287,173 | 592,086,018 |
| Profit before tax | | 40,426,077 | 37,813,978 |
| Tax expense: | | | |
| Current tax | | 8,088,350 | 7,565,726 |
| Deferred Tax | | 3,340,510 | 5,503,060 |
| Profit for the period | | 28,997,217 | 24,745,192 |
| Earning per equity share: | | | |
| Basic | | 2.60 | 2.65 |
| Diluted | | 2.60 | 2.65 |

Significant Accounting Policies

The accompanying notes 1 to 23 are an integral part of the financial statements
As per our report of even date

for MAHESH,VIRENDER & SRIRAM

Chartered Accountants
Firm Registration No.001939S

R.V.CHALAM

PARTNER
Mem.No.21423

Place: Hyderabad
Date: 29-05-2015

for and on behalf of the Board of Directors

Vedavaag Systems Limited

J.S.R.DURGA PRASAD
CHAIRMAN

J. MURALI KRISHNA
MANAGING DIRECTOR



Cash flow statement for the year ended 31st March, 2015
(in Rupees)

| Particulars | | For the Year Ended 31.03.2015 | For the Year Ended 31.03.2014 |
|--------------------|---|--|--|
| A | Cash Flow from operating activities | | |
| | Profit before Tax | 40,426,077 | 37,813,978 |
| | Adjustments for: | | |
| | Depreciation and amortisation expenses | 84,708,472 | 66,626,572 |
| | Interest Expenses | - | 1,092,291 |
| | Interest Income | (6,894,613) | (5,376,434) |
| | Operating Profit before working capital changes | 118,239,936 | 100,156,407 |
| | Adjustments for changes in: | | |
| | Increase/(Decrease) in Inventories | (43,422,567) | (166,186,824) |
| | Increase/(Decrease) in Trade Receivables | (168,067,977) | (8,458,312) |
| | Increase/(Decrease) in Trade Payables | 82,919,623 | (304,742,432) |
| | Increase/(Decrease) in Other Current Liabilities & Provisions | (12,669,249) | (25,452,030) |
| | Increase/(Decrease) in Non Current Liabilities | (10,540,249) | (27,610,868) |
| | Increase/(Decrease) in Loans & Other Current Assets | (13,539,575) | 94,417,211 |
| | | (165,319,995) | 171,451,609 |
| | Income tax | (11,428,860) | (7,565,726) |
| | Cash generated from Operating activities | (58,508,919) | 264,042,290 |
| B | Cash flow from Investing activities: | | |
| | Purchase of Fixed Assets and CWIP | (151,000) | (232,657,525) |
| | Interest Received | 6,894,613 | 5,376,434 |
| | Net Cash Flow from Investing Activities: | 6,743,613 | (227,281,091) |
| C | Cash flow from Financing Activities: | | |
| | Increase in Share Capital | - | 25,405,000 |
| | Repayment of Short Term Borrowings | - | - |
| | Interest Paid | - | (1,092,291) |
| | Net Cash flow from Financing Activities: | - | 24,312,709 |
| D | Net Cash inflow/(Outflow) | (51,765,306) | 61,073,908 |
| | Opening balance of cash and cash equivalent | 82,387,210 | 21,313,302 |
| | Closing balance of cash and cash equivalent | 30,621,904 | 82,387,210 |

Notes to financial statements for the year ended March 31, 2015

Note No. I

Significant Accounting policies:

- | | |
|-----------------------------|--|
| 1. Basis of Accounting: | <p>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.</p> <p>b) Accounting policies not specifically referred to otherwise are in accordance with prudent accounting principles.</p> <p>c) All Income and Expenditure items having material bearing on the financial statements are recognised on accrual basis.</p> |
| 2. Fixed Assets: | Fixed Assets are stated at cost including related incidental expenditure. |
| 3. Capital Work in Progress | Advance paid towards acquisition of Fixed Assets and the cost of Assets not put to use before the year end are disclosed under this head. |
| 4. Depreciation | <p>Depreciation on fixed assets has been provided on Straight Line method and Depreciation is provided on pro-rata basis as per Schedule VI of Companies Act, 1956.</p> <p>Effective 1st April 2014, the Company depreciates its fixed assets over the useful life in the manner prescribed in Schedule II of the Act, as against the earlier practice of depreciating at the rates prescribed in Schedule XIV of the Companies Act, 1956.</p> <p>Depreciation on additions to assets or on sale/discardment of assets, is calculated prorata from the month of such addition or upto the month of such sale/discardment as the case may be.</p> |
| 5. Revenue Recognition | Revenue from technical services is recognised on a prorata basis over the period in which services are rendered. |
| 6. Inventory | Inventories are valued at cost or net realisable value whichever is lower. |
| 7. Misc. Expenditure | Preliminary expenses are amortised over a period of 5 (Five) years |
| 8. Provision for Taxation | Provision is made for Income Tax annually based on the tax liability computed after considering tax allowances and exemptions. |

| | |
|---------------------------------|--|
| 9 Foreign Exchange Policy | <p>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 Rates prevailing on the date of the Balance Sheet.</p> <p>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.</p> <p>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.</p> <p>Sale proceeds are converted into Indian Rupees at the Rates prevailing on the date of receipt.</p> <p>Net Foreign Exchange difference on Foreign Currency Transactions is recognised in the Profit and Loss account during the year.</p> |
| 10 Retirement Benefits | <p>Contributions to Provident and Superannuation Funds are recognised as expense when incurred.</p> <p>Liability for gratuity and encashable leave are actuarially determined at the Balance Sheet date.</p> |
| 11 Deferred Tax Liability/Asset | <p>To provide and recognise deferred tax on timing differences between taxable income and accounting income subject to consideration of prudence.</p> |
| 12 Impairment of assets | <p>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.</p> |

Notes to Financial Statements

Note No : 2

| Particulars | As at 31.03.2015 | | As at 31.03.2014 | |
|-------------------------------------|------------------|-------------|------------------|-------------|
| | Number | Rs. | Number | Rs. |
| Authorised | | | | |
| Equity Shares of Rs.10 Each | 19,000,000 | 190,000,000 | 19,000,000 | 190,000,000 |
| 8% Preference Shares of Rs.10/-each | 1,000,000 | 10,000,000 | 1,000,000 | 10,000,000 |
| Total | 200,000,000 | | 200,000,000 | |
| Issued, Subscribed & paid up | | | | |
| Equity shares of Rs.10 Each | 13,630,000 | 136,300,000 | 9,350,000 | 93,500,000 |
| Total | | 136,300,000 | | 93,500,000 |

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

| Particulars | As at 31.03.2015 | | As at 31.03.2014 | |
|---|------------------|-------------|------------------|------------|
| | 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 | 4,280,000 | 42,800,000 | - | - |
| Shares bought back during the year | - | - | - | - |
| Shares outstanding at the end of the year | 13,630,000 | 136,300,000 | 9,350,000 | 93,500,000 |

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

| Particulars | As at 31.03.2015 | | As at 31.03.2014 | |
|------------------------|-----------------------|--------------|--------------------|--------------|
| | Number of Shares Held | % of Holding | No. of Shares Held | % of Holding |
| J.MURALI KRISHNA | 1,598,712 | 11.72% | 1,598,712 | 17.10% |
| J.S.R.DURGA PRASAD | 711,400 | 5.22% | | |
| KELLTON SECURITIES LTD | | | 706,726 | 7.56% |

NOTES TO FINANCIAL STATEMENTS

(in Rupees)

NOTES TO FINANCIAL STATEMENTS

As at 31st
March 2015

As at 31st
March 2014

Note No - 3
Reserves & Surplus

| | | |
|--|-------------|-------------|
| Capital Reserve | 10,667,080 | 10,667,080 |
| Securities Premium Reserve | 63,000,000 | 63,000,000 |
| Surplus | | |
| Opening Balance | 115,491,799 | 90,746,607 |
| Net Profit / (Net Loss) for the current year | 28,997,217 | 24,745,192 |
| Less: Additional Depreciation pursuant to enactment of Schedule II of the Companies Act 2013 . | 26,612,941 | |
| Closing Balance | 117,876,075 | 115,491,799 |
| GRAND TOTAL | 191,543,155 | 189,158,879 |

Note No:- 4
Deferred tax Liabilities (Net)

| | | |
|-------------------|------------|------------|
| Opening balance | 30,709,095 | 25,206,035 |
| Add: for the year | 3,340,510 | 5,503,060 |
| TOTAL | 34,049,605 | 30,709,095 |

Note No:- 5
Other Long term liabilities

| | | |
|--------------------|------------|------------|
| (a) Trade Payables | 11,565,000 | 11,565,000 |
| (b) Others | - | 13,880,759 |
| TOTAL | 11,565,000 | 25,445,759 |

**Note No:- 6****Short Term Borrowings**

| | | |
|----------------|--------------------|--------------------|
| Trade payables | 532,525,274 | 449,605,651 |
| TOTAL | 532,525,274 | 449,605,651 |

Note No:- 7**Other current liabilities**

| | | |
|----------------|-------------------|-------------------|
| Other Payables | 66,838,332 | 80,030,205 |
| TOTAL | 66,838,332 | 80,030,205 |

Note No:- 8**Short-term provisions**

| | | |
|--------------------------|------------------|------------------|
| Provision for Income Tax | 8,088,350 | 7,565,726 |
| TOTAL | 8,088,350 | 7,565,726 |

Note No - 10**Capital Work-in-Progress**

| | | |
|---------------------------|---|-------------|
| Non-current investments : | - | 138,442,237 |
|---------------------------|---|-------------|

Note No - 11**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 |

Current assets**Note No - 12**

| | | |
|---------------------------|-------------|-------------|
| Inventories & ProjectsWIP | 213,173,919 | 169,751,352 |
|---------------------------|-------------|-------------|

Note No - 13**Trade receivables:**

Outstanding for a period less than six months from the date they are due for payment.

| | | |
|---------------------------------|-------------|-------------|
| Secured, considered good | - | - |
| Unsecured, considered good | | |
| (receivable from Govt. Parties) | 442,109,432 | 274,041,455 |

9. FIXED ASSETS (in Rupees)

| ITEM | GROSS BLOCK | | DEPRECIATION | | | NET BLOCK | |
|--------------------------|--------------------|--------------------|--------------------|-------------------|-------------------------|--------------------|--------------------|
| | 01.04.2014 | Additions | 31.03.2015 | for the year | transferred to reserves | 31.03.2015 | 31.03.2014 |
| Computer Hardware | 404,971,029 | 138,593,237 | 543,564,266 | 77,082,580 | 18,341,866 | 190,961,893 | 147,793,102 |
| Computer software | 46,902,110 | | 46,902,110 | 7,424,604 | | 8,158,055 | 15,582,659 |
| Library | 56,005 | | 56,005 | - | 15,744 | 829 | 16,573 |
| Air Conditioners | 90,108 | | 90,108 | - | 9,211 | 485 | 9,696 |
| Electrical Installations | 7,501,468 | | 7,501,468 | - | 5,046,071 | 265,583 | 5,311,654 |
| Office Equipment | 275,235 | | 275,235 | - | 112,514 | 5,922 | 118,436 |
| Generators | 2,003,400 | | 2,003,400 | 133,363 | | 1,830,752 | 1,964,115 |
| Furniture & Fittings | 9,074,577 | | 9,074,577 | - | 3,087,535 | 162,502 | 3,250,037 |
| Vehicles | 2,070,462 | | 2,070,462 | 67,924 | | 432,625 | 500,549 |
| Total | 472,944,394 | 138,593,237 | 611,537,631 | 84,708,471 | 26,612,941 | 201,818,646 | 174,546,821 |

Trade receivables outstanding for a period exceeding six months from the date they are due for payment

| | | |
|---|--------------------|--------------------|
| Secured, considered good | - | - |
| Unsecured, considered good (receivable from Govt. Parties and others) | - | - |
| Unsecured, considered doubtful | | |
| TOTAL | 442,109,432 | 274,041,455 |

Note No - 14

Cash and cash equivalents

| | | |
|-----------------------|-------------------|-------------------|
| Cash on hand | 2,589,382 | 2,020,618 |
| Balances with Banks | | |
| In Current Account | 20,557,522 | 14,090,628 |
| Margin money Deposits | 7,475,000 | 66,275,964 |
| TOTAL | 30,621,904 | 82,387,210 |

Note No - 15

Short-term loans and advances

| | | |
|-------------------|-------------------|-------------------|
| Deposits | 7,500,000 | 7,500,000 |
| Pre paid expenses | | - |
| Other advances | 22,559,241 | 22,559,241 |
| TOTAL | 30,059,241 | 30,059,241 |

Note No - 16

| | | |
|----------------------|-------------------|-------------------|
| Other current assets | 64,166,574 | 50,626,999 |
| TOTAL | 64,166,574 | 50,626,999 |

NOTE 17 : REVENUE FROM OPERATIONS

| | | |
|------------------|--------------------|--------------------|
| Sales | 395,469,359 | 443,679,737 |
| Sale of Services | 268,349,278 | 180,843,825 |
| Total | 663,818,637 | 624,523,562 |

NOTE 18 : MISCELLANEOUS / OTHER INCOME

| | | |
|-----------------|------------------|------------------|
| Interest Income | 4,853,663 | 5,376,434 |
| Others | 2,040,950 | - |
| Total | 6,894,613 | 5,376,434 |

Note :19 PROJECT EXPENSES

| | | |
|------------------------|--------------------|--------------------|
| Materials Consumed | 398,616,450 | 362,129,631 |
| Other Project Expenses | 124,391,744 | 145,204,423 |
| Total | 523,008,194 | 507,334,054 |

NOTE 20 : EMPLOYEE BENEFIT EXPENSES

| | | |
|---|-------------------|------------------|
| Salaries and Wages (Including Directors remuneration) | 8,937,936 | 8,427,662 |
| Welfare expenses | 1,122,411 | 1,237,963 |
| Total | 10,060,347 | 9,665,625 |

NOTE 21 : FINANCE COSTS

| | | |
|-----------------------------|----------|------------------|
| Interest on Working capital | - | 336,154 |
| Interest on other loans | - | 756,137 |
| Total | - | 1,092,291 |

NOTE : 22 ADMINISTRATIVE AND MARKETING EXPENSES

| | | |
|------------------------|-----------|---------|
| Audit Fees | 150,000 | 168,540 |
| Advertisement | 58,340 | 50,011 |
| Business Development | 1,846,281 | 25,000 |
| Annual Custodian Fees | 59,907 | |
| Books & Periodicals | 15,216 | 13,216 |
| Bank Charges | 370,476 | 442,408 |
| Consultancy | 355,000 | |
| Conveyance | 102,960 | 182,188 |
| Directors Sitting Fees | 90,000 | 60,000 |
| Electricity | 19,789 | |
| Telephone & Internet | 682,232 | 832,472 |
| Miscellaneous | 38,381 | 348,612 |
| Meeting Expenses | 108,125 | 43,250 |
| Postage & Courier | 43,884 | 24,488 |
| Printing & Stationery | 413,600 | 464,723 |
| Insurance | 16,365 | - |



| | | |
|----------------------------|-------------------|------------------|
| Rent | 1,632,328 | 461,010 |
| Repairs & Maintenance | 471,560 | 763,789 |
| ROC Filing Fee | 46,800 | - |
| Sales Tax Paid | - | 1,083,856 |
| Share service charges | 54,043 | 54,891 |
| Travelling | 2,097,027 | 1,472,105 |
| Tender Documents | 33,718 | |
| Loss on Chits | 2,500,000 | |
| Legal Expenses | 258,000 | 184,450 |
| Listing Fees | 168,570 | 70,195 |
| Vehicle Maintenance | 194,500 | 174,265 |
| Office Maintenance | 549,802 | 314,750 |
| Preliminary Expenses W/off | 133,257 | 133,258 |
| Total | 12,510,161 | 7,367,477 |

NOTE : 23 Notes on Accounts

| | Rs.in lakhs | Rs.in lakhs |
|--|----------------|----------------|
| Contingent Liabilities: | 2014-15 | 2013-14 |
| a Claims against the company not acknowledged as debts: | 240.00 | 240.00 |
| b Other money for which the company is contingently liable: | | |
| Counter guarantees given in favour of company's bankers for guarantees issued by them | - | - |
| Managerial Remuneration | | |
| Remuneration to Managing Director | 20.47 | 12.00 |
| | - | - |
| Auditors' remuneration | | |
| For Statutory Audit | 0.75 | 0.75 |
| For Tax Audit | 0.50 | 0.50 |
| Out of Pocket expenses | 0.25 | 0.25 |
| Service Tax | 0.15 | 0.15 |
| Foreign Exchange Earnings & Out go in Rs lakhs | | |
| In Flow | - | - |
| Outgo | - | - |
| Related Party Disclosures as per AS 18 | | |
| Transactions with related parties in the ordinary course of business | | |

| Name of the Related Party | Nature of Relation Ship | Nature of Transaction & Amount |
|--|---|----------------------------------|
| J S R Durga Prasad J Murali Krishna | | |
| J Muralikrishna Managing Director | Brother of J S R Durgaprasad Chairman | Remuneration - Rs.20.47 lakhs |

| | For the Year Ended 31.03.2015 | For the Year Ended 31.03.2014 |
|--|-------------------------------------|-------------------------------------|
| 6 Earning Per share (EPS) | | |
| Net profit for the year in Rs. | 289.97 | 247.45 |
| Amount available for equity share holders | 289.97 | 247.45 |
| Weighted average no. of shares | 13,630,000 | 9,350,000 |
| Earning per share basic and diluted Rs. | 2.60 | 2.65 |
| Face value of equity share Rs. | 10 | 10 |
| 7 The composition of deferred tax liability of Rs. 414.42 lakhs (previous year Rs.307.09 lakhs) is on account of timing differences relating to depreciation. | | |
| 8 There are no small scale industrial undertakings to whom the company owes a sum exceeding Rs.1.00 lakh which is outstanding for more than 30 days of the Balance sheet date. | | |
| 9 Confirmation of balances from parties as at the end of the the year has not been received and adjustments, if any, shall be made as on ongoing process. | | |
| 10 No provision has been made for employee retirement benefit pending actuarial valuation. | | |
| 11 All figures have been rounded off to the nearest rupee. | | |

for MAHESH,VIRENDER & SRIRAM

Chartered Accountants
Firm Registration No.001939S

R.V.CHALAM

PARTNER

Mem.No.21423

Place: Hyderabad

Date: 29-05-2015

for and on behalf of the Board of Directors
Vedavaag Systems Limited

J.S.R.DURGA PRASAD
CHAIRMAN

J. MURALI KRISHNA
MANAGING DIRECTOR



Vedavaag Systems Limited

VEDAVAAG SYSTEMS LIMITED

(Formerly SARK Systems India Limited)

ATTENDANCE SLIP

I/We _____ of

being a Member/s of Vedavaag Systems Limited, here by appoint _____

_____ of

_____ or, failing him/her

of _____ as my/our

proxy to vote for me/us on my/our behalf at the 17th Annual General Meeting of the Company to be held on the 30th September 2015 at 11.00 A.M. at (*Royal Garden Function Hall, Motinagar, Hyderabad – 18*) and at any adjournment thereof.

Signed this _____ Day of _____ 2015

Signature _____

Revenue
Stamp of
Rs.1/-

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 17th Annual General Meeting of the Company held on 30th September, 2015 at 11.00 A.M. at (*Royal Garden Function Hall, Motinagar, Hyderabad – 18.*)

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| | |
|---------------|--|
| No. of Shares | |
| Account No | |

FORM 2B
NOMINATION FORM

(To be filled individual(s) applying singly or jointly)

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

Name and Address of Nominee

Name: _____

Address: _____

Date of Birth _____

(If nominee is a minor)

Guardian of the Minor is (to be furnished only if nominee is a minor)

Name: _____

Address: _____

SHAREHOLDERS' INFORMATION

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

Name, Address and Signature of two Witnesses

| Name and Address | Signature with Date |
|------------------|---------------------|
| 1. | |
| 2. | |

Instructions:

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

FOR OFFICE USE ONLY

Nomination Registration Number:

Date of Registration:

Checked by (Name and Signature):