



(formerly SARK Systems India Limited)

103, West Block, Siri Sai Orchid, Madhapur, Hitech City, Hyderabad – 500081

CIN: L72200TG1998PLC029240, [Tel: 040-40188140](tel:040-40188140) Fax: 040-40188141 www.vedavaag.com

To,
BSE Limited
P. J. Towers, Dalal Street
Mumbai - 400 001

Date: 22.09.2016

Dear Sir/ Madam,

Sub: 18th Annual General Meeting (AGM) of Vedavaag Systems Limited

Ref: Regulation 34 of SEBI (Listing Obligation and Disclosure Requirements)2015,

With reference to the subject cited above , this is to inform the Exchange that the 18th Annual General Meeting of Vedavaag Systems Limited was held on 21.09.2016 at 11.00 A.M. at FTAPPCI BHAVAN, REDHILLS, SURANA UDYOG AUDITORIUM , HYDERABAD.

Pursuant to Regulation 34 of SEBI (Listing Obligation and Disclosure Requirements)2015, please find enclosed herewith the Annual Report 2015-2016.

Request you to take the above on record.

Thanking you.



Yours faithfully,
For Vedavaag Systems Limited.

HimaBindu.Dulipala

VEDAVAAG SYSTEMS LIMITED

(Formerly SARK Systems India Limited)

18th ANNUAL REPORT 2015-16

Board of Directors :

J. S. R. Durga Prasad

J. Murali Krishna

V. Umapathi

Dr. G.T. Murthy

B. Locabhiram

J. Sujata

Chairman

Managing Director

Director

Director

Director

Director

Auditors:

Mahesh, Virender and Sriram

Chartered Accountants

6-3-788-36 & 37 A

Durga Nagar Colony

Hyderabad 500 016

Bankers:

Axis Bank Ltd

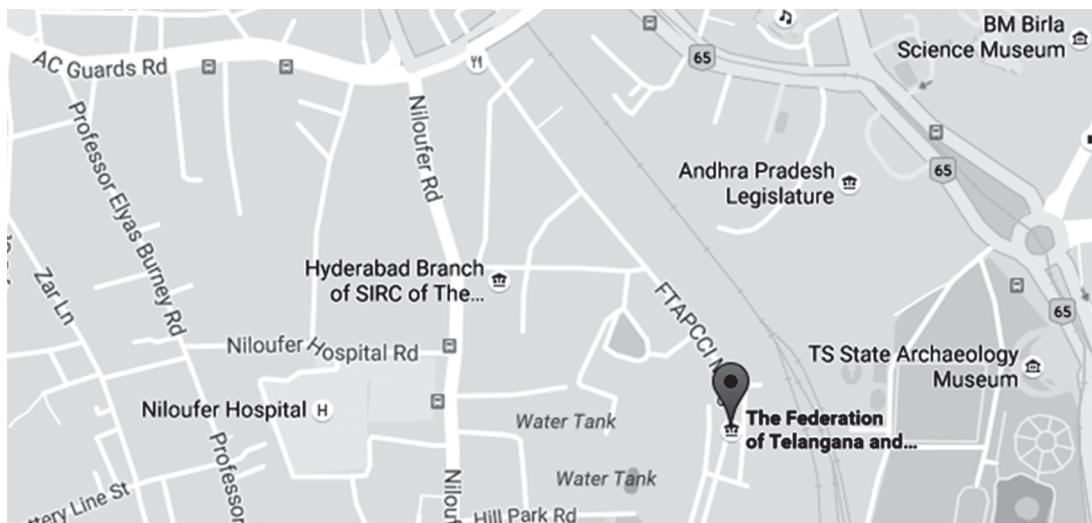
State Bank of India

State Bank of Mysore

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Proxy form – cum – Attendance Slip

ROUTE MAP for AGM VENUE



NOTICE

NOTICE is hereby given that 18th Annual General Meeting of the Members of **VEDAVAAG SYSTEMS LIMITED** will be held on **21ST SEPTEMBER 2016**, at **SURANA UDYOG AUDITORIUM , FTAPCCI BHAVAN, REDHILLS , HYDERABAD** at **11.00 A.M** to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2016, statement of Profit and loss and Cashflow statement for the financial year ended March 31st 2016 and reports of Directors and Auditors thereon.
2. To appoint Dr.G.T.Murthy (DIN No. 02718132) who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Statutory Auditors and to fix their remuneration and in this regard to consider, and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution

“RESOLVED THAT pursuant to the provisions of Section 139 and all other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) and re-enactment thereof for the time being in force) and, the appointment of Statutory Auditors M/s Mahesh, Virender and Sriram, Chartered Accountants, (Firm Registration No.001939S) of Hyderabad be and is hereby appointed as Statutory Auditors of the Company.

Place : Hyderabad

Date : 12.08.2016

By Order of the Board of Directors

For VEDAVAAG SYSTEMS LIMITED

J. Murali Krishna

Managing Director

DIN : 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 Share Transfer Register and Register of Members of the company remain closed from 18th September, 2016 to 21st September 2016 (both days inclusive).
3. 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.
4. 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.
5. 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.
6. 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.
7. 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.
8. Retirement of directors by rotation.

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

Profile of Sri. G.T.Murthy :

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

9. 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 15th day of September 2016 i.e. 3 days 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.A.M. on **Sunday the 18th day of September 2016 and will end on Tuesday at 5.00 p.m. on 20th day of September.** 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. D. 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	
	<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. 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.
	<p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>
	<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 Corporate.
 - 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 18th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by M/s. Venture Capital and Corporate Investments Private Limited

11. 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 **15th day of September 2016**.
12. 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.
13. 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.
14. 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.

By the order of the Board

Place : Hyderabad

Date : 12.08.2016

J. MURALI KRISHNA

Managing Director

DIRECTOR'S REPORT

Dear Members,

The Directors are pleased to present the 18th Annual Report for the year ended 31st March 2016.

FINANCIAL RESULTS:

(Rs In lakhs)

Particulars	2015-16	2014-15
Total Income	8358.38	6707.13
Profit before Depreciation and Tax	1360.89	1251.34
Depreciation	729.71	847.08
Extraordinary Items	-	-
Profit before Tax	631.18	404.26
Provision for Tax	93.39	114.29
Profit after Tax	537.79	289.97
Balance brought forward from previous year	1178.76	1154.91
Amount available for the appropriations	1716.55	1178.76
Surplus carried forward	1716.55	1178.76

BUSINESS OUT LOOK AND MANAGEMENT DISCUSSION

Your Directors are pleased to share with you that your company has completed Eighteen years and achieved a turnover of Rs.83.58 Crs during the year.

MANAGEMENT DISCUSSION & ANALYSIS:

Financial Inclusion:

Vedavaag has become the national Business Correspondent for State Bank of India apart from being BC for State Bank of Patiala. This new addition is expected to facilitate multifold growth in coverage area and volume of financial transaction services rendered by us.

We are facilitating servicing for over 20 lakh house holds spread across 1500 panchayats in the rural India. We are keen to enhance our service portfolio into other areas such as BFSI, health care, and retailing to leverage our rural reach.

E-Governance:

Vedavaag has been in the top 20 enrolment agencies in the country and facilitated Aadhar enrolment services for over 1.5Cr population. The company has been operating more than 500 permanent enrolment centers to facilitate service in the neighbourhood of the rural citizen.

The company is now participating in the Aadhar seeding program of the government to facilitate direct benefit to the citizen as per the government policy.

Acquisition of Synaptic Software, a rural primary agricultural cooperatives IT solution provider, Vedavaag is expanding its operations portfolio by acquiring a Primary Agricultural Cooperative Software and Implementation services company "Synaptic systems private limited". Synaptic has a proven ERP for PACS and has completed two audit cycles of implementation for over 100 PACs in AP. The company similarly received mandate from five PACs in Telangana to do the pilot.

Across India over 1 lakh PACs are functional and with average IT infra cost per PAC at Rs 5 lacs approximately, this is considered to be a Rs 5000 Cr niche market place to operate.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

SHARE CAPITAL:

The paid up Share capital of the company now stands at Rs.14,13,00,000 represented by 1,41,30,000 equity shares of Rs. 10/- each after exercise of option for conversion of FIVE lakhs equity warrants by the promoter issued to him earlier on preferential 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 2016 forms part of this report as annexure.

RESERVES AND SURPLUS:

During the year under review the reserves and surplus stood at Rs. 2,453.22 Lakhs as compared to Rs.1,915.43 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 2016.

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, 2016, 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.
- v) The company maintains adequate internal controls in order to operate effectively.
- v) **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.

RISK MANAGEMENT POLICY

The Board formulated and implemented Risk Management Policy for the Company which identifies various elements of risks which in its opinion may threaten the existence of the Company and measures to contain and mitigate risks. The Company has adequate internal control systems and procedures to combat the risk. The Risk Management procedures are reviewed by the Board on quarterly basis at the time of review of performance of the Company.

ANNUAL EVALUATION OF DIRECTORS, COMMITTEE AND BOARD:

A formal evaluation mechanism has been adopted for evaluating the performance of the Board as well as performance of Committees and individual Directors. Performance of all Directors and the Company has been carried out by way of structured evaluation process. Criteria for evaluation includes attendance and contribution at the meetings, preparedness for the meetings, effective decision making ability etc.

INTERNAL CONTROL SYSTEMS:

Adequate internal control systems commensurate with the nature of the Company's business, size and complexity of its operations are in place and have been operating satisfactorily. Internal control systems comprising policies and procedures are designed to ensure reliability of financial reporting, timely feedback on achievement of operational and strategic goals, compliance with policies, procedures, applicable laws and regulations and that all assets and resources are acquired economically, used efficiently and adequately protected.

DISCLOSURE UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 AND OTHER DISCLOSURES AS PER RULE 5 OF COMPANIES (APPOINTMENT & REMUNERATION) RULES, 2014:

The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year under review has been marked as Annexure II.

Information under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

The Company has constituted an Internal Compliant Committee under Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year, no complaint was made before the Committee.

CORPORATE SOCIAL RESPONSIBILITY POLICY

During the financial year, the CSR Provisions of the Company Act, 2013 have become applicable and the board has formed CSR Committee for defining the policy and future course of action.

RELATED PARTY TRANSACTIONS:

Related Party Transactions:

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of the business. There are no materially significant related party transactions made by the company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with interest of the company at large and thus disclosure in Form AOC-2 is not required.

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 holds good as auditors if they are reappointed as statutory 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 Section 204 of the companies Act 2013 and rules there under, the board of directors of the company appointed Mr. N. Lakshmi Narayana, ACS No. A34340 practicing Company secretary to conduct secretarial audit of records and documents of the company.

The Secretarial audit report confirms that the company has generally complied with all applicable provisions of the Acts, Rules, Regulations, Guidelines etc., applicable to the Company subject to the following observations :

- 1) Section 137 of the Companies Act, 2013 has not been complied with.

Reply : The company has taken steps to file the Annual Returns of both the wholly owned subsidiaries.

The Report of Secretarial Audit in form MR-3 for the Financial Year ended 31st March 2016 is annexed to the report.

CASH FLOW STATEMENT:

Cash flow statement for the year ended 31st March, 2016 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.

In accordance with section 149(7) of the companies' act 2013 each Independent Director confirmed the company that 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.

NUMBER OF BOARD MEETINGS:

The Board of Directors met **ten (10) times during the year under review** .. 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. The audit committee met 4 times 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	2015-2016	2014-2015
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.

Place: Hyderabad

Date : 12.08.2016

For & on behalf of the board

Sd/

Sd/

J.S.R. Durga Prasad

Chairman

J.Murali Krishna

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.

Form No. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31/3/2016

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:

CIN	L72200TG1998PLC029240
Registration Date	16th APRIL 1998
Name of the Company	VEDAVAAG SYSTEMS LIMITED
Category / Sub-Category of the Company	COMPANY LIMITED BY SHARES (INDIAN NON GOVERNMENT COMPANY)
Address of the Registered office and contact details	1-90-8/13, 103, West Block, SIRI SAI ORCHID,HITECH CITY, MADHAPUR, HYDERABAD,TELANGANA, INDIA- 500081
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	M/S VENTURECAPITAL AND CORPORATE INVESTMENTS PVT LTD,BHARAT NAGAR,- 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:-

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	IT SALES AND SERVICES	620	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name And Address Of The Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	VAGDEVI SARK EDUTECH PRIVATE LIMITED	U72200TG2010PTC069872	Subsidiary	100%	Section 2(87)
2.	VEDAVAG COMMON SERVICE CENTRES PRIVATE LIMITED	U74140TG2007PTC056084	Subsidiary	100%	Section2(87)

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

i. Category-wise Share Holding

Category of Share Holders	No. of Shares held at the beginning at 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. Promoter									
1) Indian									
a) Individual/ HUF	1,790,319	7,13,300	25,03,619	18.37	30,26,626	1,23,300	31,49,926	22.29	3.92
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp									
e) Banks / FI									
f) Any Other									
Sub-total(A)(1):-	1,790,319	7,13,300	25,03,619	18.37	30,26,626	1,23,300	31,49,926	22.29	3.92
2) Foreign									
g) NRIs-Individuals									
h) Other-Individuals									
i) Bodies Corp.									
j) Banks / FI									
k) Any Other....									
Sub-total (A)(2):-	1,790,319	7,13,300	25,03,619	18.37	30,26,626	1,23,300	31,49,926	22.29	3.92
Total (A) = (A1+A2)									
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) FIIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1)									

Category of Share Holders	No. of Shares held at the beginning at 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	
2. Non Institutions									
a) Bodies Corp.									
(i) Indian									
(ii) Overseas	5,08,822	7,00,000	12,08,822	8.87	12,67,308		12,67,308	8.97	0.10
b) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	23,74,158	4,61,435	28,35,593	20.80	30,71,372	4,97,735	35,69,107	25.26	4.46
c) Individuals									
(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	37,04,262	31,52,000	68,56,262	50.30	58,78,581	1,08,100	59,86,681	42.37	-7.93
d) Others(Specify)	2,25,704	0	2,25,704	1.66	1,56,978	0	1,56,978	1.11	-0.55
Sub-total (B)(2)	68,12,946	43,13,435	1,11,26,381	81.63	1,03,74,239	6,05,835	1,09,80,074	77.71	-3.92
Total Public Shareholding (B)=(B)(1)+ (B)(2)	91,93,265	44,36,735	1,36,30,000	100	1,29,00,865	6,05,835	1,41,30,000	100	
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	91,93,265	44,36,735	1,36,30,000	100	1,29,00,865	12,29,135	1,41,30,000	100	

ii. Shareholding of Promoters

Sl. No.	Share Holder's Name	Share holding at the beginning of the year			Share holding at the end of the year			% Change in Share holding 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	J MURALI KRIHNA	15,98,712	11.73	0	15,98,712	11.31	0	-
2	JSR DURGA PRASAD	7,11,400	5.22	0	13,57,707	9.61	0	4.39
3	SUJATA JONNAVITTULA	65,607	0.48	0	65,607	0.46	0	-
4	A RAVIKISHORE	27,000	0.20	0	27,000	0.19	0	-
5	BH SARADA	19,800	0.15	0	19,800	0.14	0	-
6	A JAYASREE	12,500	0.09	0	12,500	0.09	0	-
7	D RAMADEVI	12,500	0.09	0	12,500	0.09	0	-
8	J SWARAJYA LAKSHMI	6,500	0.05	0	6,500	0.05	0	-
9	DVRS SASTRY	30,000	0.22	0	30,000	0.21	0	-
10	J SITA MAHA LAKSHMI	4,600	0.03	0	4,600	0.03	0	-
11	S NIRMALA	15,000	0.11	0	15,000	0.11	0	-
Total		25,03,619	18.37	0	31,49,926	22.29	0	-

Note: There has been increase in the number of shares held by the promoter Mr.J.S.R.Durga Prasad is pursuant to conversion of 5,00,000 warrants into equity shares as on 30th March 2016, the same has been reported for quarter ended 31st March 2016.

The listing of equity shares is in process.

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

Sl. No	Particulars	Share holding at the beginning of the year		Cumulative Shareholding	
		No. of shares	% of Total Shares of the company	No. of shares	% of Total Shares of the company
A.	J.S.R. Durga Prasad				
	At the beginning of the year	7,11,400	5.22	7,11,400	5.22
	Purchased from market during the year	1,46,307	1.07	8,57,707	6.29
	B. Conversion of warrants in to equity shares on 30th March,2016	5,00,000	3.54	13,57,707	9.61
	At the End of the year	13,57,707	9.61	13,57,707	9.61

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

For each of the to 10 shareholders		Share holding at the beginning of the year		Cumulative Shareholding	
		No. of shares	% of Total Shares of the company	No. of shares	% of Total Shares of the company
1) Prabhavati Prabhala	At the beginning of the year	5,00,000	3.67		
	Purchase / (Sale) during the year	-	-		
	At the end of the year	5,00,000	3.54		
2) Janaki Lakshmi .R	At the beginning of the year	5,00,000	3.67		
	Purchase / (Sale) during the year	-	-		
	At the end of the year	5,00,000	3.54		
3) Atlanta International Ltd.,	At the beginning of the year	5,00,000	3.67		
	Purchase / (Sale) during the year	-	-		
	At the end of the year	5,00,000	3.54		

PARTICULARS	Share holding at the beginning of the year		Cumulative Shareholding	
	No. of shares	% of Total Shares of the company	No. of shares	% of Total Shares of the company
4) Rajendra Wadekar At the beginning of the year Purchase / (Sale) during the year At the end of the year	2,73,389	2.01	-95,328 1,78,061	-0.67 1.26
5) KLK Electrical Ltd., At the beginning of the year Purchase / (Sale) during the year At the end of the year	2,00,000	1.47	2,00,000	1.42
6) P.S.Ramakrishna Sarma At the beginning of the year Purchase / (Sale) during the year At the end of the year	2,50,000	1.83	-70,000 1,80,000	-0.50 1.27
7) Murali Mohan Pannala At the beginning of the year Purchase / (Sale) during the year At the end of the year	2,00,000	1.47	5,000 2,05,000	0.04 1.45
8) Vidya S. Jonnalagadda At the beginning of the year Purchase / (Sale) during the year At the end of the year	2,01,729	1.48	-40,220 1,61,509	-0.28 1.14
9) J.Srinivasa Murthy At the beginning of the year Purchase / (Sale) during the year At the end of the year	2,10,000	1.54	-49,440 1,60,560	-0.34 1.14

PARTICULARS	Share holding at the beginning of the year		Cumulative Shareholding	
	No. of shares	% of Total Shares of the company	No. of shares	% of Total Shares of the company
10) Rupali Samir Patel				
At the beginning of the year	2,26,713	1.66		
Purchase / (Sale) during the year			-26,713	-0.19
At the end of the year			2,00,000	1.42

Note: There has been increase in the number of shares held by the ptomoter Mr.J.S.R.Durga Prasad is pursuant to conversion of 5,00,000 warrants into equity shares as on 30th March 2016, the listing of shares is in process.

V) INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not	-	-	-	-
Total (i+ii+iii)	-	-	-	-
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)	-	-	-	-

V. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Managing Director, Whole-time Directors and/or Manager

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager J. Murali Krishna	Total Amount
1.	Gross salarySalary as per provisions contained in section 17(1) of the Income-tax Act, 1961	14,40,000	14,40,000
2.	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	3,60,000	3,60,000
3.	Profits in lieu of salary under section 17(3) Income- tax Act, 1961		
4.	Stock Option		
5.	Sweat Equity		
6.	Commission - as % of profit - others, specify...	2,89,972	2,89,972
7.	Others, please specify		
8.	Total (B)	20,89,972	20,89,972
	Ceiling as per the Act		24,74,519

A. Remuneration to other Directors:

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount Rs.
		V. Umapathi	B. Locabhiram	G.T. Murthy	
3.	Independent Directors • Fee for attending board / committee meetings • Commission • Others, please specify	18,000	18,000	15,000	51,000
	Total (1)	18,000	18,000	15,000	51,000
4.	Other Non-Executive Directors • Fee for attending board / committee meetings • Commission • Others, please specify	J.S.R.D. Prasad 30,000	J. Sujatha 9,000		39,000
	Total (2)				
	Total (B) = (1)+(2)	48,000	27,000	15,000	90,000
Total Managerial Remuneration		Overall Ceiling as per the Act (as per the Act 1%of profit calculated u/s 198 of the companies act 2013)			

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

S.No	Particulars of Remuneration	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)	-	-	-	-

I. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description fees imposed	Details of Penalty / Punishment/ Compounding	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. Governance Structure

The corporate governance structure of vedavaag systems Limited is as follows.

- Board of Directors** : The Board of Directors are entrusted with an ultimate responsibility of the management, directors and performance of the company. As its primary role is fiduciary in nature, the board provides leadership to the company management while discharging its company responsibilities.
- Committees of the Board**: The Board has constituted the following committees viz, Audit committee, remuneration committee, Investor grievance and share transfer committee CSR Committee. Each of the said committee has been mandated to operate within a given framework.

3. Board Composition:

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. Umaphi	32,500
2.	Sri.G.T.Murthy	1,000
3.	Sri.B.Locabhiram	NIL
4.	Smt. J.Sujata	65,607

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.

MEETING OF INDEPENDENT DIRECTORS:

During the Financial Year 2015-16, the Independent Directors of Vedavaag met only one time dated 30th March, 2016 in executive sessions without presence of Executive Directors and other members of management. The Company is ready to facilitate more such sessions as and when required by the Independent directors.

During these sessions, the Independent Directors reviewed the performance of senior management, Independent and Non- Independent Directors, including the Chairman and the Board as a whole. They also assessed the quality and adequacy of the information between the Company's Management and the Board.

The Independent Directors also discuss the performance of the company, agenda of meetings, strategy, risks, competition and succession planning for the Board and the Senior Management.

Board Meetings Held During the Year 2015-2016:

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 2015-2016 on 29th May 2015, 26th June 2015, 10th August 2015, 1st September 2015, 14th November 2015, 5th December 2015, 31st December, 30th January 2016, 12th February 2016, 30th March 2016.

Sl. No	Name of director and designation	DIN No.	Attendance in FY 2015-16		No. of Directorships in other Co.s		Committee Chairmanships and memberships in other Co.s	
			Board	AGM	Private	Public	Chairman ship	Member 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	5	Yes	0	0	0	0
4	Sri V.Umapathi	02099307	6	Yes	4	1	0	0
5	Sri B.Locabhiram	06531372	6	Yes	0	0	0	0
6	Smt. J.Sujata	07014640	3	no	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 G.T.Murthy retires by rotation and being eligible offers himself for reappointment as Director. The information details are provided under Corporate Governance Code as under

4. 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 and

Details of the Meetings:

Four (4) Audit Committee meetings were held during the year 2015-2016 on 29th May 2015, 10th August 2015, 14th November 2015 and on 12th February 2016.

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.

5. 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 12th February 2016.

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 2015-2016:

1) Remuneration to Executive Director:

S. No	Name	Position	Salary (P.A)	Variable Pay(P.A)	Commis-ssion	P.F	Total
1.	J.Murali Krishna	Managing Director	14,40,000	3,60,000	2,89,972	-	20,89,972

2) Remuneration to 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.18,000/-
3.	Sri.G.T.Murthy	Rs.15,000/-
4.	Sri.B.locabhiram	Rs.18,000/-
5.	Smt.J.Sujata	Rs. 9,000/-

6. 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 10.08.2015 and 12.02.2016 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
15 th	26-09-2013	10.30 A.M	Royal Function Hall, Motinagar,Hyderabad	-
16 th	26-09-2014	11.00 A.M	Royal Function Hall, Motinagar,Hyderabad	1
17 th	30-9-2015	11.30 A.M	Royal Function Hall, Motinagar,Hyderabad	2

- b) None of the resolutions had been proposed to be passed through postal ballot.
- c) No Extraordinary General Meeting was held during the year 2015-2016.
- 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 : **21st September 2016 at 11.00A.M**

Venue : **Surana Udyog Auditorium, FTAPCCI Bhavan, Hyderabad.**

Investor services Tentative calendar

Un-Audited results for Quarter ending 30 th June ,2016	12 th of August, 2016
Un-Audited results for Quarter ending 30 th September,2016	14 th of November, 2016
Un-audited Results for Quarter ending 31 st December , 2016	15 th of February, 2017
Audited results for the quarter ending 31 st March 2017	28 th of May, 2017
Date of Book closure	18th September 2016 to 21th September 2016

Dividend Payment Date	NA
Stock Exchange where company Is Listed	Bombay Stock Exchange Limited
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 (2015-2016) On BSE are:

Month	High	Low	No of shares Traded
April 2015	12.75	8.61	1,62,319
May 2015	13.75	13.48	1,63,758
June 2015	20.90	13.00	6,67,245
July 2015	23.35	18.15	5,99,852
August 2015	23.50	15.35	4,68,736
September 2015	17.95	13.50	3,13,,422
October 2015	19.50	15.50	6,13,381
November 2015	27.35	16.10	5,90,162
December 2015	51.75	28.00	22,85,364
January 2016	60.95	37.05	18,47,836
February 2016	49.50	27.15	8,51,303
March 2016	42.95	28.45	8,46,221

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, 2016. 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 2016

Shares	Holders		Shares	
	Number	% of Total	No. of Shares	% of Total
Upto - 500	4459	75.76	8,70,383	6.16
501 - 1000	622	10.57	5,32,117	3.77
1001 - 2000	356	6.05	5,66,979	4.01
2001 - 3000	138	2.34	3,59,502	2.54
3001 - 4000	62	1.05	2,26,416	1.60
4001 - 5000	59	1.00	2,86,929	2.03
5001 - 10000	87	1.48	6,45,724	4.57
10001 and above	103	1.75	1,06,41,950	75.32
Total	5886	100	1,41,30,000	100

13. Address for Shareholders' Correspondence:

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

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

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

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

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

**SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 2015-16**

[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
(CIN: L72200TG1998PLC029240)
(Formerly Known as SARK SYSTEMS INDIA LIMITED)

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/S VEDAVAAG SYSTEMS LIMITED (CIN: L72200TG1998PLC029240)**, (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 **M/S VEDAVAAG SYSTEMS LIMITED** 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. I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31/03/2016 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, minute books, forms and returns filed and other records maintained by M/S VEDAVAAG SYSTEMS LIMITED ("the Company") for the financial year ended on 31/03/2016 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made there under ;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the -- Board of India (Substantial Acquisition of shares and Takeovers) Regulations, 2011;
 - a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - b) The Securities and Exchange Board of India (issue of Capital and Disclosure Requirements) Regulations, 2009;

- c) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - e) The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- vi. Other Laws applicable to the Company (Mention the other laws as may be applicable specifically to the company)
- I. Information Technology Act, 2000
 - II. Indian Stamp Act, 1899
 - III. Indian Contract Act, 1872
 - IV. Income Tax Act, 1961
 - V. Chapter V of the Finance Act, 1994 (Service Tax) VI. Insurance Act, 1938

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

- I. Secretarial Standards issued by The Institute of Company Secretaries of India
- II. The Listing Agreements entered into by the Company with Bombay Stock Exchange(s) if applicable;

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

1. **The Company has not complied the provisions of Section 137 of the Companies Act, 2013 and the relevant rules made there under. (The Company has two subsidiaries i.e Vagdevi Sark Edutech Private Limited (CIN- U72200TG2010PTC068972) and Vedavag Common Service Centres Private Limited (earlier known as Sarkys Haryana Private Limited) (CIN: U74140TG2007PTC056084)**

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.
- b) 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 provisions of the Act.

- c) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- d) Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that 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.

I further report that during the audit period the company has no specific events/ actions which have a major bearing on the company's affairs in pursuance of the laws, rules, regulations, and guidelines, standards which are applicable to the company and as referred above.

Place: Hyderabad

Sd/

Date : 30.5.2016

(Lakshmi Narayana Nalluri)

Practicing Company Secretary

ACS No : A34340 CP. No : 12760

HYDERABAD

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

M/S 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.

Place: Hyderabad

Date : 30.5.2016

Sd/

(Lakshmi Narayana Nalluri)

Practicing Company Secretary

ACS No : A34340 CP. No : 12760

HYDERABAD

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 : 28.05.2016

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, 2016.

Place : Hyderabad

Date : 28.05.2016

For Vedavaag Systems Limited,

J. Murali Krishna

Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To

**The Members of
Vedavaag Systems Limited**

We have examined the compliance of conditions of corporate governance of M/s. Vedavaag Systems Limited for the year ended on 31st March 2016, 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)

Sd./-

(R.V.Chalam)

Partner

M.No.21423

Place: Hyderabad

Date :28.05.2016

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 Vedavaag Systems Limited ("the Company") which comprise the Balance sheet as at 31st March, 2016, the statement of Profit and loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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 and presentation 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 also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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. 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 2016, and 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, 2016 ("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, a statement on the matters Specified in paragraphs 3 and 4 of the Order.
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, the Statement of Profit and Loss and the 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, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164(2) of the Act ;

- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in “Annexure B”; and
- g. 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 Note 21-1(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's Registration No.001939S)

Sd./-

(R.V.Chalam)

Partner

M.No.21423

Place: Hyderabad

Date :28.05.2016

Annexure A to the 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) In our opinion and according to the information and explanations given to us, the Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) These fixed assets have been physically verified by the management during the year. According to the information and explanation given to us no material discrepancies were noticed on such physical verification.
- (c) The Company does not have any Immovable properties.
- (ii) As explained to us, physical verification of inventories have been conducted by the Management at reasonable intervals during the year. No material discrepancies were noticed.
- (iii) The company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) According to the information and explanations given to us, the Company has not granted any loans, made investments or provide guarantees during the year.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit from the public. Therefore the provisions of clause (v) of paragraph 3 of the Order is not applicable to the Company.
- (vi) According to the information and explanations given 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 has been generally regular in depositing dues relating to Provident Fund, Employee's State Insurance, Income tax, sales tax, service tax, value added tax, Customs duty, Excise duty, cess and other material statutory dues with the appropriate authorities.

According to the information and explanations given to us and based on the records of the company examined by us, there were no undisputed amounts payable in respect of statutory dues in arrears as at 31st March, 2016 for a period of more than six months from the date they became payable..
- (b) There were no dues of income tax, sales tax, service tax, value added tax, Customs duty, Excise duty or cess and any other material statutory dues, which have not been deposited on account of dispute.
- (viii). According to the information and explanations given to us and based on the records of the company examined by us, the Company does not have any borrowings from Financial Institutions, Banks, Government or debenture holders during the year.

- (ix) According to the information and explanations given to us, the Company has not raised any money by way of initial public offer or term loans.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and based on the records of the company examined by us, Managerial remuneration is paid or provided in accordance with section 197 of the Companies Act.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company.
- (xiii) According to the information and explanations given to us and based on the records of the company examined by us, transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013, where applicable and the details have been disclosed in the Financial statements.
- (xiv) According to the information and explanations given to us and based on the records of the company examined by us, amount received on conversion of equity warrants allotted earlier to the promoters have been used for the purpose for which the funds were raised.

The Company has not made any private placement of shares or convertible debentures during the year.

- (xv) According to the information and explanations given to us and based on the records of the company examined by us, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

Sd./-

(R.V.Chalam)

Partner

M.No.21423

Place: Hyderabad

Date :28.05.2016

Annexure B to the Auditor's Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Vedavaag Systems Limited ("the Company") as of 31 March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of

financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India”.

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

(Firm's Registration No.001939S)

Sd./-

(R.V.Chalam)

Partner

M.No.21423

Place: Hyderabad

Date :28.05.2016

VEDAVAAG SYSTEMS LIMITED

(formerly SARK SYSTEMS INDIA LIMITED)

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

BALANCE SHEET AS AT 31ST MARCH, 2016

Particulars	Note No.	AS AT 31.03.2016 Rs.	AS AT 31.03.2015 Rs.
EQUITY AND LIABILITIES			
Shareholder's Funds			
Share Capital	2	141,300,000	136,300,000
Reserves and Surplus	3	245,321,803	191,543,155
Share Application Money Pending Allotment		240,000	1,240,000
Non-Current Liabilities			
Deferred tax liabilities (Net)	4	19,127,769	34,049,605
Other Long term liabilities	5	18,684,218	11,565,000
Current Liabilities			
Trade payables	6	241,031,054	532,525,274
Other current liabilities	7	74,676,857	66,838,332
Short-term provisions	8	32,349,488	8,088,350
Total		772,731,189	982,149,716
Assets			
Non-current assets			
<i>Fixed assets</i>			
Tangible assets	9	131,395,691	201,818,646
Capital work-in-progress		-	-
Non-current investments	10	200,000	200,000
Other non-current assets			
Current assets			
Current investments			
Inventories	11	137,845,251	213,173,919
Trade receivables	12	248,394,240	442,109,432
Cash and cash equivalents	13	56,741,768	30,621,904
Short-term loans and advances	14	45,786,229	30,059,241
Other current assets	15	152,368,010	64,166,574
Total		772,731,189	982,149,716

Significant Accounting Policies

1

The accompanying notes 1 to 21 are an integral part of the financial statements

As per our report of even date

For **MAHESH, VIRENDER & SRIRAM**

For and on behalf of the Board of Directors

Chartered Accountants

(Firm's Registration No.001939S)

Sd./-

R.V.Chalam

Partner

M.No.21423

Sd/

J.S.R. Durga Prasad

Chairman

Sd/

J. Murali Krishna

Managing Director

Place : Hyderabad

Date : 28-05-2016

VEDAVAAG SYSTEMS LIMITED

(formerly SARK SYSTEMS INDIA LIMITED)

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

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

Particulars	Note No.	for the year ended 31.03.2016 Rs.	for the year ended 31.03.2015 Rs.
Income:			
Revenue from operations	16	818,290,440	663,818,637
Other Income	17	17,547,185	6,894,613
Total Revenue		835,837,625	670,713,250
Expenses:			
Project Expenses	18	644,872,135	523,008,194
Employee benefit expense	19	43,301,264	10,060,347
Depreciation	9	72,970,600	84,708,471
Other expenses	20	11,575,677	12,510,161
Total Expenses		772,719,676	630,287,173
Profit before tax		63,117,949	40,426,077
Tax expense:			
Current tax		24,261,138	8,088,350
Deferred Tax		-14,921,836	3,340,510
Profit for the period		53,778,647	28,997,217
Earning per equity share:			
Basic		3.81	2.60
Diluted		3.81	2.60

Significant Accounting Policies

1

The accompanying notes 1 to 21 are an integral part of the financial statements

As per our report of even date

For **MAHESH, VIRENDER & SRIRAM**

Chartered Accountants

(Firm's Registration No.001939S)

Sd./-

R.V.Chalam

Partner

M.No.21423

For and on behalf of the Board of Directors

Sd/

J.S.R. Durga Prasad

Chairman

Sd/

J. Murali Krishna

Managing Director

Place : Hyderabad

Date : 28-05-2016

CASH FLOW STATEMENT

		for the year ended 31.03.2016 Rs.	for the year ended 31.03.2015 Rs.
A	Cash Flow from operating activities		
	Profit before Tax	63,117,949	40,426,077
	Adjustments for:		
	Depreciation and amortisation expenses	72,970,600	84,708,472
	Interest Expenses	-	-
	Interest and other Income	-17,547,185	-6,894,613
	Operating Profit before working capital changes (i)	118,541,364	118,239,936
	Adjustments for changes in:		
	Increase/(Decrease) in Inventories	75,328,668	-43,422,567
	Increase/(Decrease) in Trade Receivables	193,715,192	-168,067,977
	Increase/(Decrease) in Trade Payables	-291,494,220	82,919,623
	Increase/(Decrease) in Other Current Liabilities & Provisions	32,099,663	-12,669,249
	Increase/(Decrease) in Non Current Liabilities	-7,802,618	-10,540,249
	Increase/(Decrease) in Loans & Other Current Assets	-103,928,424	-13,539,575
	Total (ii)	-102,081,739	-165,319,995
	Income tax (iii)	-9,339,301	-11,428,860
	Cash generated from Operating activities A (i+ii-iii)	7,120,324	-58,508,919
B	Cash flow from Investing activities:		
	Purchase of Fixed Assets and CWIP	-2,547,645	-151,000
	Interest Received	17,547,185	6,894,613
	Net Cash Flow from Investing Activities: B	14,999,540	6,743,613
C	Cash flow from Financing Activities:		
	Increase in Share Capital	4,000,000	-
	Repayment of Short Term Borrowings	-	-
	Interest Paid	-	-
	Net Cash flow from Financing Activities: C	4,000,000	-
D	Net Cash inflow/(Outflow) (A+B+C)	26,119,864	-51,765,306
	Opening balance of cash and cash equivalent	30,621,904	82,387,210
	Closing balance of cash and cash equivalent	56,741,768	30,621,904

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Note No. 1

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	To provide and recognise deferred tax on timing differences between taxable income and accounting income subject to consideration of prudence.
12. Impairment of assets	The carrying amount of assets are reviewed at each Balance Sheet date to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the estimated recoverable amount, impairment loss is recognised and assets are written down to their recoverable amount.

Notes on Financial Statements

Note No. 2

Share Capital	As at 31.03.2016		As at 31.03.2015	
	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	14,130,000	141,300,000	13,630,000	136,300,000
Total		141,300,000		136,300,000

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

Particulars	Number	Rs.	Number	Rs.
Shares outstanding at the beginning of the year	13,630,000	136,300,000	93,50,000	9,35,00,000
Shares issued during the year	5,00,000	5,000,000	42,80,000	4,28,00,000
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	14,130,000	141,300,000	13,630,000	136,300,000

- 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.

Name of the Shareholder	As at 31.03.2016		As at 31.03.2015	
	No. of Shares held	% of holding	No. of Shares held	% of holding
J.MURALI KRISHNA	1,598,712	11.31	1,598,712	11.72
J.S.R.DURGA PRASAD	1,357,707	9.61	711,400	5.22

Notes to Financial Statements

**As at 31st
March 2016
Rs.**

**As at 31st
March 2015
Rs.**

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	117,876,076	115,491,799
Net Profit / (Net Loss) for the current year	53,778,647	28,997,218
Less: Additional Depreciation pursuant to enactment of Schedule II of the Companies Act 2013 .	-	26,612,941

Closing Balance	171,654,723	117,876,076
GRAND TOTAL	245,321,803	191,543,156

Note No. 4

Deferred tax Liabilities (Net)

Opening balance	34,049,605	30,709,095
Add / Less : for the year	-14,921,836	3,340,510

Total	19,127,769	34,049,605
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Note No. 5

Other Long term liabilities

Trade Payables	18,684,218	11,565,000
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Total	18,684,218	11,565,000
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Notes to Financial Statements
**As at 31st
March 2016
Rs.**
**As at 31st
March 2015
Rs.**
Note No. 6
Current Liabilities

Trade payables	241,031,054	532,525,274
Total	241,031,054	532,525,274

Note No. 7
Other current liabilities

Other Payables	74,676,857	66,838,332
Total	74,676,857	66,838,332

Note No. 8
Short-term provisions

Provision for Income Tax	32,349,488	8,088,350
Total	32,349,488	8,088,350

Note No. 10
Non-current investments :
Investment in subsidiary companies :

Vagdevi Sark Edutech Private Limited

10000 equity shares of Rs.10 each	100,000	100,000
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Sarksys Haryana Private Limited

10000 equity shares of Rs.10 each	100,000	100,000
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Note No. 11
Current assets

Inventories & ProjectsWIP	137,845,251	213,173,919
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Note No. 9

Fixed Assets - Tangible

Item	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	01.04.2015	Additions	31.03.2016	01.04.2015	for the year	transferred to reserves	31.03.2016	31.03.2016	31.03.2015
Computer Hardware	543,564,266	2,166,398	545,730,664	352,602,373	71,524,762	-	424,127,135	121,603,529	190,961,893
Computer software	46,902,110	142,036	47,044,146	38,744,055	1,303,079	-	40,047,134	6,997,012	8,158,055
Library	56,005	-	56,005	55,176	-	-	55,176	829	829
Air Conditioners	90,108	-	90,108	89,623	-	-	89,623	485	485
Electrical Installations	7,501,468	-	7,501,468	7,235,885	-	-	7,235,885	265,583	265,583
Office Equipment	275,235	-	275,235	269,313	-	-	269,313	5,922	5,922
Generators	2,003,400	-	2,003,400	172,648	86,961	-	259,609	1,743,791	1,830,752
Furniture & Fittings	9,074,577	239,211	9,313,788	8,912,075	13,617	-	8,925,692	388,095	162,502
Vehicles	2,070,462	-	2,070,462	1,637,837	42,181	-	1,680,018	390,444	432,625
Total	611,537,631	2,547,645	614,085,276	409,718,985	72,970,600	-	482,689,585	131,395,691	201,818,646

Notes to Financial Statements
**As at 31st
March 2016
Rs.**
**As at 31st
March 2015
Rs.**
Note No. 12
Trade receivables:

Unsecured, considered doubtful

 Outstanding for a period less than
six months.

99,043,407

89,470,048

 Outstanding for a period exceeding
six months

149,350,833

352,639,384

TOTAL
248,394,240
442,109,432
Note No. 13
Cash and Cash equivalents

Cash on hand

2,823,426

2,589,382

Balances with Banks

In Current Account

45,264,777

20,557,522

Margin money Deposits

8,653,565

7,475,000

TOTAL
56,741,768
30,621,904
Note No. 14
Short-term loans and advances

Deposits

23,226,988

7,500,000

Other advances

22,559,241

22,559,241

TOTAL
45,786,229
30,059,241
Note No. 15

Other current assets

152,368,010

64,166,574

TOTAL
152,368,010
64,166,574

Particulars	Year Ended 31.03.2016 Rs.	Year Ended 31.03.2015 Rs.
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Note No. 16

Revenue from Operations

Sales	376,597,079	395,469,359
Sale of Services	441,693,361	268,349,278
TOTAL	818,290,440	663,818,637

Note No. 17

Miscellaneous / Other Income

Interest Income	938,073	4,853,663
Interest on IT Refund	510,012	-
Others	16,099,100	2,040,950
Total	17,547,185	6,894,613

Note No. 18

Project Expenses

Materials Consumed	456,324,686	398,616,450
Other Project Expenses	188,547,449	124,391,744
Total	644,872,135	523,008,194

Note No.19

Employee Benefit Expenses

Salaries and Wages (Including Directors remuneration)	41,938,686	8,937,936
Welfare expenses	1,362,578	1,122,411
Total	43,301,264	10,060,347

Note No. 20

Administrative and Marketing Expenses

Audit Fees	175,000	150,000
Advertisement	428,129	58,340
Business Development	36,800	1,846,281
Depositary Charges	67,673	59,907
Bank Charges	295,408	370,476

Consultancy & Legal	403,380	613,000
Conveyance	491,799	102,960
Directors Sitting Fees	90,000	90,000
Electricity	55,191	19,789
Telephone & Internet	405,378	682,232
Marketing & Development	1,061,239	-
Miscellaneous	213,840	53,596
Meeting Expenses	111,245	108,125
Postage & Courier	48,216	43,884
Printing & Stationery	40,342	413,600
Insurance	21,331	16,365
Rent	3,456,433	1,632,328
Sundry Debit Balances W/off	58,758	-
Repairs & Maintenance	35,155	471,560
ROC Filing Fee	25,800	46,800
Interest - Others	258,904	-
Interest on TDS & Service Tax	131,614	-
Share service charges	132,097	54,043
Travelling	2,667,380	2,097,027
Tender Documents	20,000	33,718
Loss on Chits	-	2,500,000
Listing Fees	224,720	168,570
Vehicle Maintenance	207,581	194,500
Office Maintenance	227,838	549,802
Web Server Maintenance	51,171	-
Preliminary Expenses W/off	133,257	133,257
TOTAL	11,575,677	12,510,160

Note No. 21

Notes on Accounts

1 Contingent Liabilities:

a Claims against the company not acknowledged as debts	240.00	240.00
b Other money for which the company is contingently liable: Counter guarantees given in favour of company's bankers for guarantees issued by them	-	-

2 Managerial Remuneration

Remuneration to Managing Director	20.90	20.47
Salaries	-	-

3 Auditors' remuneration

For Statutory Audit	1.00	0.75
For Tax Audit	0.50	0.50
Out of Pocket expenses	0.25	0.25

4 Foreign Exchange Earnings & Out go in Rs lakhs

In Flow	-	-
Outgo	-	-

5 Related Party Disclosures as per AS 18

Transactions with related parties in the ordinary course of business

Name of the Related Party	Nature of Relation Ship	Nature of Transaction & Amount
J Murali Krishna Managing Director	Brother of J S R Durga Prasad Chairman	Remuneration -Rs.20.90 lakhs

for year ended
31.03.2016 31.03.2016

6. Earning Per share (EPS)

Net profit for the year in Rs.	537.79	289.97
Amount available for equity share holders	537.79	289.97
Weighted average no. of shares	14,130,000	13,630,000
Earning per share basic and diluted Rs.	3.81	2.60
Face value of equity share Rs.	10	10

7. Increase in paidup capital of Rs. 50,00,000 is on account of conversion of FIVE Lacs Equity share warrants issued earliar to the promoter.
8. The composition of deferred tax liability of Rs. 191.27 lakhs (previous year Rs.340.49 lakhs) is on account of timing differences relating to depreciation.
9. There are no small scale industrial undertakings to whom the company owes a sum exceeding Rs.1.00 lakh which is outstanding for more than 30 days of the Balance sheet date.
10. Confirmation of balances from parties as at the end of the the year has not been received and adjustments, if any, shall be made as on ongoing process.
11. No provision has been made for employee retirement benefit pending acturial valuation.
12. All figures have been rounded off to the nearest rupee and previous year figures have been regrouped wherever necessary.

For **MAHESH, VIRENDER & SRIRAM**

Chartered Accountants

(Firm's Registration No.001939S)

Sd./-

R.V.Chalam

Partner

M.No.21423

for and onbehalf of the Board of Directors

Sd/

J.S.R. Durga Prasad
Chairman

Sd/

J. Murali Krishna
Managing Director

Place : Hyderabad

Date : 28-05-2016

Form No. MGT-11**Proxy Form**

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : **L72200TG1998PLC029240**
Name of the Company : **VEDAVAAG SYSTEMS LIMITED**
Registered office : **1-90-8/13, 130, West Block, Siri Sai Orchid, Hitech, Madhapur, Hyderabad, Telangana, India - 5000081,**

Name of the Member(s) : _____

Registered address : _____

I/ We being the member of _____,

holding _____ shares, hereby appoint Name _____

_____ Address _____

_____ E-mail Id _____

Signature _____ or failing him

Name _____

Address _____

E-mail Id _____ Signature _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **18th**

Annual General Meeting of members of the Company, to be held on 21st September

2016 at the _____ and at any

adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.

- 1) To receive , consider and adopt the audited balance sheet, statement of profit and loss for the year ended 31ST March 2016, cash flow statement for the year ended 31ST March 2016 and together with the reports of the Board of Directors and Auditors thereon.

- 2) To appoint a director in place of Dr.G.T.Murthy (DIN No. 02718132) who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint Statutory Auditors and to fix their remuneration and in this regard to consider, and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution

Signed this _____ day of _____ 2016

Signature of Shareholder

Affix
Revenue
Stamp

Signature of Proxy holder(s)

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, before the commencement of the Meeting.

Format of Attendance Slip of Annual General Meeting

ATTENDANCE SLIP

18th Annual General Meeting, 21st September 2016, at 11.00 A.M.

Regd. Folio No. _____ /DP ID _____ Client ID/Ben.

A/C _____ No. of shares held _____

I certify that I am a registered shareholder/proxy for the registered Shareholder of the Company and hereby record my presence at the (18th Meeting) Annual General Meeting of the Company on **21st September, 2016 at 11.00 A.M. at Surana Udyog Auditorium, FTAPCCI Bhavan, Redhills, Hyderabad.**

Member's/Proxy's name in Block Letters

Member's/Proxy's Signature

Note: Please fill this attendance slip and hand it over

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