



To,

Empowering e-Applications

Date:10/09/2018

The Manager,

BSE Limited , Corporate relation Department,

1st Floor, New trading wing,P.J.Towers, Dalal Street.

Mumbai-40001.

Subject: Annual Report - .2017-2018

Ref: Scrip code: 533056

Dear sir

The 20th Annual General Meeting is scheduled to be held on Saturday ,29th September 2018,at 10.30 A.M at the Royal Garden Function Hall, Motinagar , Hyderabad.

We are attaching Copy of Annual Report 2017-2018 containing notice of Annual General Meeting, Director's Report, Annual Accounts etc.

This is for your information and necessary records.

Thanking You,

HimaBindu.D

(Company secretary)

VEDAVAAG SYSTEMS LIMITED



**20th ANNUAL REPORT
2017-2018**

VEDAVAAG SYSTEMS LIMITED

20th ANNUAL REPORT 2017-18

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VEDAVAAG SYSTEMS LIMITED

20th ANNUAL REPORT 2017-18

BOARD OF DIRECTORS

Mr. J. Murali Krishna	-	Managing Director
Mr. B. Locabhiram	-	Independent Director
Dr. G. T. Murthy	-	Independent Director
Mr. Srinivas Pannala	-	Independent Director
Mrs. J. Sujatha	-	Woman Director
Mr. J.S.R. Durga Prasad	-	Ceased to be Director from 3-7-2018

STATUTORY AUDITORS

Sastri and Shah
Chartered Accountants
Sai Leela, 7-1-24/2, Begumpet,
Hyderabad.

BANKERS

Axis Bank Ltd
State Bank of India

SECRETARIAL AUDITOR

Ch. Veeranjanyulu
VCSR & Associates
Company Secretaries
Hyderabad.

REGISTRAR AND SHARE TRANSFER AGENT

M/s. Venture Capital and Corporate Investments Private Ltd.
MIG-167,D.No. 12-10-167, Bharat Nagar Colony,
Hyderabad - 500 018



NOTICE

Notice is hereby given that the 20th Annual General Meeting of the Members of Vedavaag Systems Limited will be held on **Saturday, the 29th Day of September 2018 at 10.30 A.M. at Royal Garden Function Hall, Motinagar, Hyderabad**, to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the Audited Financial Statements of the company for the year ended 31st March 2018 including the Balance sheet as on the date and the cash flow statements(including consolidated and standalone) for the year ended on that date and the Reports of Directors and Auditors thereon.
2. To declare final dividend of Rs. 1 per equity share of Rs. 10 each for the financial year ended 31st March 2018.
3. To appoint Statutory auditors and to fix their remuneration of Statutory auditors of the company.

To consider and if thought fit to pass, with or without modification(s), the following resolution as an ordinary resolution.

“RESOLVED THAT pursuant to provisions of Section 139,142 and other applicable provisions, if any, of the Companies Act 2013,read with the Companies (Audit and Auditors) rules, 2014 as may be applicable and pursuant to recommendations of audit committee M/s. PARY & Co, Chartered Accountants (Firm Registration No - 007288C), be appointed as statutory auditors of the company , in place of retiring auditors M/s. Sastri and Shah, Chartered Accountants (Firm registration Number- 003642S)to hold office from the conclusion of 20th AGM until the conclusion of 21st AGM, as applicable at such remuneration and out of pocket expenses as may be decided by the Board of Directors of the company”.

4. To appoint a director in place of Mrs. J. Sujatha (DIN 07014640) who retires by rotation and being eligible offers herself for re-appointment.

SPECIAL BUSINESS :

5. To re-appoint Dr. G. T. Murthy as an Independent Director and in this regard pass the resolution as a special resolution :

“RESOLVED THAT pursuant to the provisions of section 149 and section 152 of the Companies Act 2013 (the Act) and the Companies (Appointment and Qualification of Directors) rules 2014, and the applicable provisions of Securities Exchange Board of India (Listing Obligation and Disclosure Requirement) regulations 2015 (including the statutory modification(s) or re-enactment(s) thereof, for the time being in force) Dr. G. T. Murthy (DIN. 02718132) who was appointed as an Independent Director and who holds office of Independent Director up to the conclusion of this Annual General Meeting be and is hereby appointed as an Independent Director of the company, to hold office for a term of five consecutive years on the Board of the company.”

Date : 01-09-2018

Place : Hyderabad

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 the Annual General Meeting(herein after referred as

“The meeting” is entitled to appoint a proxy to attend and vote instead of himself and that proxy need not be a member of the company. The instrument appointing the proxy should, however, be deposited at the registered office of the company, duly completed and signed not less than forty-eight hours before the commencement of the meeting. A proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.
2. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. A member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
3. Corporate Members are requested to send a duly certified true copy of the Board Resolution

Authorising their representatives to attend and vote at the Annual General Meeting.
4. The business set out in the Notice will be transacted through Electronic voting system and the Company is providing facility for voting through electronic means. Instructions and other related information for e-voting is provided herein below. Further the Company will also send communication relating to remote e-voting which inter alia would contain details about user ID and password along with copy of this Notice to the members separately.
5. The Members, whose names appear in the **Register of Members / list of Beneficial Owners as on 21st September, 2018** are entitled to vote on the Resolutions.
6. The Register of members and share transfer books of the company will remain closed from September 22nd 2018 Saturday to September 29th 2018 Saturday (Both days in Inclusive).
7. Members holding shares in the electronic form are requested to inform any changes in the address/bank mandate directly to their respective depository participants.
8. The dividend as recommended by the Board of Directors, if confirmed at the Annual General meeting will be paid with in a period of 30 days to those members whose name appear as:



- a) Beneficial owners as on 21st September 2018 on the lists of beneficial owners to be furnished by NSDL and CDSL.
 - b) Members in the register of members of the company after giving effect to valid sharetransfer in the physical form lodged with the company on or before 21st September, 2018.
9. Securities Exchange of India has Mandated submission of Permanent Account Number (PAN). By every participant in securities market, Members holding shares in demat form are, therefore, requested to submit PAN details to the depository participants with whom they have Demat accounts. Members holding shares in physical form can submit their PAN details to the company/Register and Share Transfer agents(Venture capital and corporate Investments private limited).
10. Brief profile of the directors those proposed to be appointed/re-appointed , nature of their expertise in specific functional areas , names of the companies in which they hold directorship and membership/chairmanships of Board committees, shareholding and relationship between directors inter-se as stipulated under regulation 36(3) of Securities Exchange Board of India(Listing Obligation and Disclsoure Requirements) Regulations, 2015 annexed herewith.
11. An explanatory Statment as required under section 102 of the companies Act 2013, in Respect to special business is annexed hereto.
12. Members who do not have registered email addresses are requested to register their email address for receiving their Annual Reports, Notices and Circulars.
13. **Voting through electronic means**
- a) 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 member's facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Central Depository Services (India) Limited (CDSL).

The procedure with respect to **e-voting** is provided below :-

- (A) The company is pleased to offer e-voting facility for its members to enable them to cast their voted electronically. The procedure and instructions for the same are as follows.
- (B) The Voting period begins on 26th September, 2018 (at 9.00 a.m.) and ends on 28th September, 2018 (at 5.00 p.m.) both days inclusive. During this period shareholders of the company holding shares either in physical form or in dematerialized form, as on the cut-off date (Record date) 21st September, 2018 may cast their vote electronically .The e-voting module shall be disabled by CDSL for voting thereafter.

Log on to the e-voting website www.evotingindia.com during the voting period.

- (ii) Click on “Shareholders” tab.
- (iii) Now, select the “COMPANY NAME” from the drop down menu and click on “SUBMIT”.
- (iv) Now Enter your User ID (For CDSL: 16 digits beneficiary ID, 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 then enter the “Character Displayed” Code 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. If you are a first time user follow the steps given below.
- (vi) Now, fill up the following details in the appropriate boxes:

	For members holding shares in demat form physical form
PAN	<p>Enter your 10digit Alpha-numeric PAN issued by Income Tax department (applicable for both demat shareholders and 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 sequence number which is printed on address slip or send with email indicated in the PAN field.
DOB	Enter the date of Birth recorded in your demat account or in the company records for the said demat account or folio dd/mm/yyyy format.
DIVIDEND BANK DETAILS	<p>Enter the Dividend bank Details as recorded in your demat account.</p> <p>Please enter any one of the detail in order to login . In case both the details are not recorded with the depository or company please enter the member id /folio number in the dividend bank details filed.</p>

- (vi) Now, fill up the following details in the appropriate boxes:
- (vii) After entering these details appropriately , click on “SUBMIT” tab.



- (viii) Members holding their shares in physical form will then directly reach the company selection screen .However the members holding the 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.

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 evoting on the resolutions contained in this notice.
- (x) Click on EVSN for the relevant <company name>on which you chose 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 .
- (xii) Click on the “RESOLUTION 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 printout 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 and 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 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 admin login andthe compliance user would be able to link the account(s) for which they vote.

- ◆ The list of account should be mailed to helpdesk.evoting@cdslindia.com and on approval Of accounts they would be able to cast their votes.
- ◆ 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.

(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. Incompliance 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 20th 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

14. 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 21st September 2018.
15. Mrs.D. Renuka, Practicing Company Secretary is appointed as Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
16. The Scrutinizer shall within a period not exceeding three working days from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman/Managing Director of the Company.

B) Other Instructions:

- I. The Scrutinizer will collate the votes downloaded from the e-voting system and votes received through physical ballot and votes casted during the polling process conducted at Annual General Meeting venue, to declare the final result for each of the Resolutions forming part of the Annual General Meeting Notice.
- II. The results of the voting shall be declared on or after the Annual General Meeting of the Company. the Results declared, along with the Scrutinizer's report, shall be placed on the Company's website www.vedavaag.com and be communicated to the Stock Exchanges where the Company's shares are listed, i.e., BSE stock exchanges where the Companies share are listed.
- III. Members may address any query to info@vedavaag.com

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT 2013

ITEM-5

Dr. G. T. Murthy (DIN No. 02718132) was appointed as Independent Director on the Board of the company Pursuant to section 149 of the Act read with companies (Appointment and Qualifications of Director) rules 2014 and the erstwhile regulations of SEBI Listing Obligation and Disclosure Requirements 2015 and listing agreement with the stock exchanges .

Accordingly the Board meeting held on 14th August 2018 accorded its approval to appoint Dr. G. T. Murthy as an Independent Director for a period of 5years with effective from 2018 in terms of said provisions which interalia stipulates the meeting of criteria of independence should a company proposes to appoint an Independent Director on its Board.The said appointment of Dr. G. T. Murthy shall be effective upon approval of the shareholders in the ensuing Annual General Meeting.

The Company has received a declaration from Dr. G. T. Murthy that he meets the criteria of independence as prescribed both under Section 149 of the Act and under Listing Regulations. In the opinion of the Board, Dr. G. T. Murthy has fulfilled the conditions for his appointment as an Independent Director as specified in the Act and Rules made there under and as per the Listing Regulations.

As per Section149(10) of the companies Act 2013 an Independent Director can hold office for a term of up to five consecutive years on the Board of the company, but shall be eligible for re-appointment on passing a special resolution by the company for another term of up to five years on the Board of the company .

In accordance with the aforesaid provisions and in view of long, rich experience, continued valuable guidance to the management and strong performance of Dr. G. T. Murthy, it is proposed to re-appoint him for the second term as Independent Director on the Board of the company for a period of 5 years i.e up to 2023.

Save and except Dr. G. T. Murthy and his relatives, to the extent of their shareholding interest, if any, in the Company,none of the other Directors/Key managerial Personnel ofthe Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at the Item No.5 of the Notice.

Date : 01-09-2018

Place : Hyderabad

By Order of the Board of Directors

For VEDAVAAG SYSTEMS LIMITED

J. Murali Krishna

Managing Director

DIN : 00016054

BRIEF PROFILE OF THE DIRECTOR SEEKING RE-APPOINTMENT/APPOINTMENT AT THE ANNUAL GENERAL MEETING.

(As per regulation 36(3) of SEBI (LODR) Regulation 2015)

PARTICULARS	Mrs. J. Sujatha	Dr. G. T. Murthy
DIN	07014640	02718132
AGE	57	80
QAULIFICATION	Post Graduate in History	Doctorate in Physics
EXPERIENCE	Mrs. J. Sujatha is a Post-graduate in History and Diploma in Classical Music and is in teaching profession.	Dr. G.T. Murthy is Doctorate in physics and was associated with research organizations suchas TIFR, ASA (USA), MIT(USA) and project head of ECIL, Semiconductor Complex Limited and has more than decade of service for crompton greaves limited setting up their electronc business.
OTHER DIRECTORSHIP	1	0
OTHER/MEMBERSHIP/ CHAIRMANSHIP OF THE COMMITTEE OF THE BOARD		4
DISCLOSURE OF RELATIONSHIP BETWEEN DIRECTORS	W/o Chairman J.S.R. Durga Prasad Sister-in-law of Mr. J. Murali Krishna Managing Director	NA
SHAREHOLDING OF THE COMPANY	0.37 %	-

DIRECTOR'S REPORT

Dear Shareholders,

Your Directors have immense pleasure in presenting the 20th Director's Report of your Company together with the Audited standalone and consolidated financial statements for the year ended, 31st March, 2018.

FINANCIAL HIGHLIGHTS

Rs. in Lacs

	Consolidated		Standalone	
	2018	2017	2018	2017
Total Income	9,170.17	10,162.69	7,452.47	9,409.69
Total Expenditure	7,054.56	8,424.39	6,008.69	7,923.09
Gross profit before depreciation and Tax				
Depreciation	1,750.17	1,738.30	1,212.31	1,360.88
Profit Before tax	324.19	405.56	271.59	248.90
Provision for tax	2,155.73	1,414.11	1,483.90	1,237.70
Deffered Tax	493.17	409.43	308.06	375.81
Profit after tax	163.82	(21.61)	127.59	(42.51)
	1,498.74	1,026.29	1048.25	904.40

OVERVIEW OF THE COMPANY'S FINANCIAL PERFORMANCE

During the year under review, the total Income of the Company was Rs 7452.47 as against Rs. 9409.69 in the previous year which shows the decrease in revenue by -20.79%. During the period, The Company has earned a Profit after tax of Rs. 1048.25 compared to Rs. 904.40 in the previous year which shows the increase by 15.90%.

DIVIDEND

Your Directors have recommended dividend of Rs. One per equity for the financial year ended 31st March, 2018, which is payable on obtaining shareholders approval at the 20th Annual General meeting on 29th September, 2018.

SHARE CAPITAL :

Your company at its Extraordinary General Meeting held on 4th January 2017 has issued 1,00,00,000 convertible equity warrants on preferential basis to promoters and Non-promoters at Rs. 39 per share. The company obtained In principle approval on 13th January 2017, the allotment of the same was done on 18th January 2017.



Your company allotted 16,85,000 equity shares of Rs. 10 with premium of Rs. 29 after receipt of warrants amount from various allottees namely Mr. S. Nagaraj, Mr. G. Kaladhar, Mr. Deven Nani Wadekar, Mr. S. Abheesta and Mrs. D.V. Devamma and Mr. K.Vijaykumar during the year.

MATERIAL CHANGES AND COMMITMENTS, IF ANY, CRITERIA SPECIFY

There were no material changes and commitments occurred affecting the financial position of the Company:

DETAILS OF SUBSIDIARY / JOINT VENTURES / ASSOCIATE COMPANIES

Your company has three subsidiaries, as on 31 March, 2018 namely VSL Data Systems Private Limited, Vagdevi Sark Edutech Private Limited and Vedavaag Common Services Private Limited.

In accordance with section 129(3) of the companies Act 2013, a separate statement containing salient features of financial statements in the prescribed Form AOC-1 is annexed to this report **(Annexure I)**.

RELATED PARTY TRANSACTIONS :

No Contracts or arrangements have been entered into by the company with related parties referred to in section 188(1) of the Companies Act, 2013. **(Annexure - 2)**

CHANGE IN THE NATURE OF BUSINESS

No changes in the nature of business..

MANAGEMENT DISCUSSION AND ANALYSIS:

A Detailed report on Management Discussion and analysis is provided as a separate chapter in Annual Report **(Annexure:3)**.

ANNUAL RETURN

The Extract of Annual Return as required under section 92(3) of the Companies Act, 2013 in Form MGT-9 is annexed herewith for your kind perusal and information. **(Annexure: 4)**

MEETINGS OF THE BOARD OF DIRECTORS

The following Meetings of the Board of Directors were held during the Financial Year 2017-18:

S.No.	Date of Meeting	Board Strength	No. Of Directors Present
1	29 th May 2017	6	4
2	16 th August 2017	6	5
3	2 nd September 2017	6	5
4	18 th October 2017	5	4
5	13 th November 2017	5	4
6	11 th January 2018	6	4
7	12 th February 2018	6	4
8	29 th March 2018	6	4

PRESENCE/ATTENDANCE OF DIRECTORS IN THE MEETINGS

S.No	Name of Director	Board Meeting		Committee Meeting		AGM
		No. of Meeting held	No. of Meeting attended	No. of Meeting held	No. of Meeting attended	Held on 27 Sep 2017
1	Mr. J.S.R. Durgaprasad	8	5	6	4	Yes
2	Mr. J. Murali Krishna	8	8	6	2	Yes
3	Mr. B. Locabhiram	8	5	6	5	No
4	Dr. G. T. Murthy	8	6	6	6	Yes
5	Mr. Srinivas Pannala	8	4	6	2	No
6	Mrs. J. Sujatha	8	5	6	1	No

Report on Corporate Governance is annexed as Annexure - 7.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013 the Board of Directors of the Company confirms that-

- In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period.

- c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- (d) The Directors had prepared the annual accounts on a going concern basis, and
- (e) The Directors, in the case of a listed company, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

APPOINTMENT OF INDEPENDENT DIRECTORS IN THE BOARD AND DECLARATION UNDER SECTION 149(6)

As at 31st March 2018 the Board Directors comprised of three Independent directors duly appointed by the company have given the declaration and they meet the criteria of independence as provided under section 149(6) of the Companies Act, 2013.

STATUTORY AUDITOR AND AUDITORS' REPORT

At the Annual General Meeting held on 27th September 2017, M/s. Sastri and Shah., Chartered Accountants were appointed as statutory auditors of the company to hold office till the conclusion of the next Annual General Meeting.

In the place of the retiring auditor M/s. Pary & Co, Chartered Accountants (Firm Reg. 007288C) are proposed to be appointed as auditors till the conclusion of the next AGM. M/s. Pary & Co. Chartered Accountants have consented to the said appointment and confirmed that their appointment of made would be with in the limits specified U/s 141(3)(g) of the Act.

They have further confirmed that they are not disqualified to be appointed as Statutory Auditors in terms of the proviso to section 139(1), Section 141(2) and section 141(3) of the Act and the provisions of the companies (Audit & Auditors) Rules, 2014. The Audit committee and the Board of Directors recommended the appointment of M/s. Pary & Co. as Statutory Auditors.

There are no observations (including any qualification, reservation, adverse remark or disclaimer) of the Auditors in their Audit Report that may call for any explanation from the Directors. Further, the notes to accounts referred to in the Annual Report are self-explanatory.

SECRETARIAL AUDITOR AND SECRETARIAL AUDIT REPORT

The Board has appointed Ch.Veeranjaneyulu, Practicing Company Secretary, to conduct Secretarial Audit for the financial year 2017-18. The Secretarial Audit Report for the financial year ended March 31, 2018 is annexed herewith marked(**Annexure: 5**) to this Report.

COST AUDITOR

Pursuant to Section 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records maintenance is not applicable on the company.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

As required under Section 135 of the Companies Act, 2013, your Board of Directors has constituted a Corporate Social Responsibility (CSR) Committee to formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013, to recommend the amount of expenditure to be incurred on the activities and to monitor the Corporate Social Responsibility Policy of the Company from time to time.

The Company's Corporate Social Responsibility Committee comprises of three Non-executive Directors. The table sets out the composition of the Committee:

Name of the Director	Position held in the Committee	Category of the Director
Mr. B. Locabhiram	Chairman	Non Executive Independent Director
Mr. Srinivas Pannala	Member	Non Executive Independent Director
Dr. G. T. Murthy	Member	Non Executive Independent Director

The Annual report on CSR activates is annexed as Annexure - 6.

NOMINATION AND REMUNERATION COMMITTEE

The Company's Nomination and Remuneration Committee comprises of three Directors. The table sets out the composition of the Committee:

Name of the Director	Position held in the Committee	Category of the Director
Mr. Srinivas Pannala	Chairman	Non Executive Independent Director
Mr. J. Murali Krishna	Member	Executive Director
Dr. G. T. Murthy	Member	Non Executive Independent Director

TERMS OF REFERENCE

The Nomination and remuneration committee is constituted inline with provisions of Regulation 19 of SEBI listing regulations and section 178 of the Act.

The Terms of Reference of the Nomination and Remuneration Committee are as under:

1. To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every Director's performance.
2. To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.
3. The Nomination and Remuneration Committee shall, while formulating the policy ensure that:
 - a. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully.
 - b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - c. remuneration to Directors, Key Managerial Personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals:
4. Regularly review the Human Resource function of the Company
5. Discharge such other function(s) or exercise such power(s) as may be delegated to the Committee by the Board from time to time.
6. Make reports to the Board as appropriate.
7. Review and reassess the adequacy of this charter periodically and recommend any proposed changes to the Board for approval from time to time.
8. Any other work and policy, related and incidental to the objectives of the committee as per provisions of the Act and rules made there under.

COMPOSITION OF AUDIT COMMITTEE

The Audit Committee consists of the following members

Name of the Director	Position held in the Committee	Category of the Director
Mr. B. Locabhiram	Chairman	Non Executive Independent Director
Mr. J.S.R. Durga Prasad	Member	Non Executive -Non Independent Director
Dr. G. T. Murthy	Member	Non Executive Independent Director

**VIGIL MECHANISM / WHISTLE BLOWER POLICY**

The Company has established a vigil mechanism and overseas through the committee, the genuine concerns expressed by the employees and other Directors. The Company has also provided adequate safeguards against victimization of employees and Directors who express their concerns. The Company has also provided direct access to the chairman of the Audit Committee on reporting issues concerning the interests of co employees and the Company.

COMPOSITION OF STAKEHOLDER RELATIONSHIP COMMITTEE

Name of the Director	Position held in the Committee	Category of the Director
Dr. G. T. Murthy	Chairman	Non Executive–Independent Director
Mr. B. Locabhiram	Member	Non executive-Independent Director
Mr. Srinivas Pannala	Member	Non Executive Independent Director

REMUNERATION POLICY**Remuneration to Executive Directors:**

The remuneration paid to Executive Directors is recommended by the Nomination and Remuneration Committee and approved by Board in Board meeting, subject to the subsequent approval of the shareholders at the General Meeting and such other authorities, as may be required. The remuneration is decided after considering various factors such as qualification, experience, performance, responsibilities shouldered, industry standards as well as financial position of the Company.

Remuneration to Non Executive Directors:

The Non Executive Directors are paid remuneration by way of Sitting Fees and Commission. The Non Executive Directors are paid sitting fees for each meeting of the Board and Committee of Directors attended by them.

COMPANY'S POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION

The Company's Policy relating to appointment of Directors, payment of Managerial remuneration, Directors' qualifications, positive attributes, independence of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013.

FIXED DEPOSITS

The company has not accepted deposits from public within the meaning of Section 73 of the Companies Act, 2013.



LOANS, GUARANTEES AND INVESTMENTS

The Company has not made / given / advanced any Loan, Guarantee and Investment during the financial year covered under section 186 of the Companies Act, 2013.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

Information on conservation of Energy, Technology absorption, Foreign Exchange earnings and outgo required to be disclosed under Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 are provided hereunder:

1. **Conservation of Energy** : The operations of the company involve low energy consumption,adequate measures have been taken to conserve energy
2. **Technology Absorption** : Since Business and technologies are changing constantly,investment in research nad development activites is of parmout importance .Your company continues its focus on quality upgradation of product and service development.
3. Conservation of Energy, Technology Asborption & Foreign Exchange earnings and outgo.

RISK MANAGEMENT

Risks are events, situations or circumstances which may lead to negative consequences on the Company's businesses. Risk management is a structured approach to manage uncertainty. A formal enterprise wide approach to Risk Management is being adopted by the Company and key risks will now be managed within a unitary framework. As a formal roll-out, all business divisions and corporate functions will embrace Risk Management Policy and Guidelines, and make use of these in their decision making. Key business risks and their mitigation are considered in the annual/strategic business plans and in periodic management reviews. The risk management process in our multi-business, multi-site operations, over the period of time will become embedded into the Company's business systems and processes, such that our responses to risks remain current and dynamic.

INTERNAL FINANCIAL CONTROLS

The Companies Act, 2013 re-emphasizes the need for an effective Internal Financial Control system in the Company. The system should be designed and operated effectively. Rule 8(5) (viii) of Companies (Accounts) Rules, 2014 requires the information regarding adequacy of Internal Financial Controls with reference to the financial statements to be disclosed in the Board's report. To ensure effective Internal Financial Controls the Company has laid down the following measures:

1. The internal financial control systems are commensurate with the size and nature of its operations.



2. All legal and statutory compliances are ensured on a monthly basis. Non-compliance, if any, is seriously taken by the management and corrective actions are taken immediately. Any amendment is regularly updated by internal as well as external agencies in the system.
3. Approval of all transactions is ensured through a preapproved Delegation of Authority Schedule which is reviewed periodically by the management.
4. The Company follows a robust internal audit process. transaction audits are conducted regularly to ensure accuracy of financial reporting, safeguard and protection of all the assets. Fixed Asset verification of assets is done on an annual basis. The audit reports for the above audits are compiled and submitted to Board of Directors for review and necessary action.

BOARD EVALUATION

The Board evaluated the effectiveness of its functioning and that of the Committees and of individual directors by seeking their inputs on various aspects of Board/Committee Governance.

The aspects covered in the evaluation included the contribution to and monitoring of corporate governance practices, participation in the long-term strategic planning and the fulfillment of Directors' obligations and fiduciary responsibilities, including but not limited to, active participation at the Board and Committee meetings. The Chairman of the Board had one-on-one meetings with the Independent Directors and the Chairman of the Nomination and Remuneration Committee had one-on-one meetings with the Executive and Non-Executive Directors. These meetings were intended to obtain Directors' inputs on effectiveness of Board/Committee processes. The Board considered and discussed the inputs received from the Directors. Further, the Independent Directors at their meeting, reviewed the performance of Board, Chairman of the Board and of Non-Executive Directors.

GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Details relating to deposits covered under Chapter V of the Act.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
4. Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries.
5. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

Your directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

ACKNOWLEDGEMENT

Your Directors wish to express their grateful appreciation to the continued co-operation received from the Banks, Government Authorities, Customers, Vendors and Shareholders during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed service of the Executives, staff and Workers of the Company.

Date : 01-09-2018

For & on behalf of the Board of Directors

Place : Hyderabad

J. Murali Krishna
(Managing Director)
DIN : 0000016054

Annexure 1 Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement Containing Salient Features of the Financial Statement of Subsidiaries/Associate Companies/Joint ventures

Part “A”: Subsidiaries

Information in respect of each subsidiary to be presented with amounts in Rs.Lakhs)

Sl. No.	Name of Subsidiary	Financial period ended	Date of acquisition	Share Capital	Total Assets	Total Liabilities (excluding share capital reserves and surplus)	Investments	Turn over	Profit and loss before taxation	Provision for taxation	Profit and Loss After taxation	% of share holding
1	VSL Data Systems Private Limited	March 31 st 2018	January 07 th 2017	700	2846.65	1636.35	0	1717	671.83	221.33	450.5	100
2	Vagdevi Sark Edutech Private Limited	31 st March 2018	16 th April 2010	1	95.22	94.22	0	0	0	0	0	100
3	Vedavaag common services private Limited	March 31 st 2018	26 th October 2007	1	185.25	184.25	0	0	0	0	0	100

Annexure - 2**Form AOC-2****Details of Related party Transactions**

(Pursuant to clause 2(h) of subsection (3) of section 134 of the Companies Act 2013 and Rule 8(2) of the Companies (accounts) rules, 2014)

Form for disclosure of particulars of contracts/ arrangements entered by the company with related parties Referred to in subsection (1) of section 188 of the companies Act 2013, including certain arm's length transactions under third provision thereto.

1. Details of contracts or arrangement or transactions not at arm's length basis: Vedavaag systems Limited (the company has not entered in to any contract / arrangement /transaction with its related parties which is not in ordinary course of business as at arms length during the financial year 2018.
 - A) Name(s) of the related party and nature of relationship: Not applicable
 - B) Nature of contract/arrangements/transactions: Not applicable
 - C) Salient terms of the contract or arrangements or transactions including value if any: Not applicable
 - D) Justification for entering into such contracts of arrangements or transactions: Not applicable
 - E) Date(s) of approval of the Board : Not applicable
 - F) Amount of advances, if any: Not applicable
 - G) Duration of contract/ arrangements/transactions: Not applicable
 - H) Date of special resolution was passed in general meeting as required under first provision of section 188- Not applicable.
2. Details of contracts or arrangement or transactions at arm's length basis: :
 - A) Nature of Related party and nature of relationship: Not applicable.
 - B) Nature of Contracts /Arrangements /transactions: Not applicable
 - C) Duration of contracts/arrangements/transactions: Not applicable
 - D) Salient terms of the contract or arrangements or transactions including value if any
 - E) Date(s) of approval of the Board: Not Applicable.
 - F) Amount of advances, if any : none

Note: All related party transactions are benchmarked on arms length ,approved by audit committee and Reviewed by statutory auditors.



Annexure - 3

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Business Outlook and Management Discussion:

BUSINESS OUTLOOK AND MANAGEMENT DISCUSSION:

The company's focus remained firm on Citizen Services- that includes facilitation of Banking Services in rural india, health and hygiene related products and services supply and distribution, and Infra services for Telecom.

BANKING, FINANCE AND INSURANCE SERVICES:

Vedavaag has signed up with Yes Bank also as Banking Services Provider apart from the State Bank of India.

TELECOM INFRA SERVICES:

The company is executing Tower erection projects for telecom sector as an increased thrust on the telecom market space.

The overall growth for these sectors is stable and sustained and hence see a dependale future for the Companies services.

Annexure - 4

EXTRACT OF ANNUAL RETURN

MGT - 9

As on the financial year ended on 31/03/2018 (Pursuant to section 92 (3) of the companies Act 2013, and rule 12 (1) of the Companies (Management Administration) Rules, 2014

I. REGISTRATION AND OTHER DETAILS :

- i) CIN L72200TG1998PLC029240
- ii) Registration Date 16/04/1998
- iii) Name of the Company VEDAVAAG SYSTEMS LIMITED
- iv) Category / Sub-Category of the Company Public Company
Limited by shares
Company having share capital
- v) Address of the Registered office and contact details 1-90-8/13, B BLOCK,103,
SRI SAI ORCHID, HITEC CITY,
MADHAPUR, Hyderabad - 500081
Telangana
Telephone : 040-40188140
Fax Number : 040-40188141
Email : jmkkrishna@vedavaag.com
- vi) Whether listed company Yes
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any M/s Venture Capital & Corporate
Investments Private Limited,
MIG 167,Bharat Nagar
Colony, Hyderabad 500018,
Ph No - 040-2318475/76

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY :

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ Service	% to total turnover of the company
1	Information and communication	620	100

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

S.No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1	VAGDEVI SARK EDUTECH PRIVATE LIMITED	U72200TG2010PTC 068972	Subsidiary	100	Section2(78)
2	VEDAVAAG COMMON SERVICE CENTRES PRIVATE LIMITED	U74140TG2007PTC 056084	Subsidiary	100	Section2(78)
3	VSL DATA SYSTEM PRIVATE LIMITED	U72900TG2001PT C035997	Subsidiary	100	Section2(78)

**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. Promoters									
1) Indian									
a) Individual / HUF	3262579	0	3262579	22.29	3274279	0	3274279	20.55	-1.74
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp.									
e) Banks / FI									
f) Any Other....									
Sub-total (A) (1)	3262579	0	3262579	22.29	3274279	0	3274279	20.55	-1.74
(2) Foreign									
a) NRIs-Individuals									
b) Other-Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other....									
Sub-total (A) (2):-									
Total shareholding of Promoter									
(A) = (A)(1)+(A)(2)	3262579	0	3262579	22.29	3274279	0	3274279	20.55	-1.74
B. Public Share holding									
1. Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIs									
h) Foreign Venture 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.	1056189	0	1056189	7.41	1015682	0	1015682	6.37	-1.04
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	2843086	432735	3275821	22.99	3330732	416235	3746967	23.51	0.52
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh "	5689809	278800	5968609	41.88	7154870	238700	7393570	46.40	4.52
c) Others (specify)	686802	0	686802	4.82	504502	0	504502	3.17	-1.65
Sub-total (B)(2):-	9657686	711535	10987421	77.1	12005786	654935	12660721	79.45	2.35
Total Public Shareholding (B)=(B)(1)+(B)(2)	13538465	711535	14250000	77.1	15268365	654935	15935000	79.45	2.35
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	13538465	711535	14250000	100	15268365	654935	15935000	100	0

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 KRISHNA	15,987,12	11.22	-	15,987,12	10.03	-	0.92
2	J.S.R. DURGA PRASAD	15,982,60	11.22	-	16,099,60	10.10	-	1.12
3	SUJATHA JONNAVITTULA	65,607	0.461	-	65,607	0.411	-	0.05

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
	Mr. J.S.R. Durga Prasad				
1	Mr. J.S.R. Durga Prasad				
	At the beginning of the year	1598260	11.22	1598260	11.22
	Purchased from the market on 24 th August 2017	11700	-	1609660	10.10
	At the end of the year	1609960	-	1609960	10.10
2	Mr. J. Murali Krishna	1598712	11.22	1598712	10.03
3	Mrs. J. Sujatha	65607	0.41	65607	0.411
	Total		3274280		3274280

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

Sl. No	Particulars	Share holding at the beginning of the year		Cumulative Shareholding during the year	
1	Mr. K. Vijay Kumar	-	-	1000000	6.28
2	Mr. Gadiyaram Kaladhar	1300	0.009	236300	1.482
3	Mr. Janaki Lakshmi Rayaprolu	430000	3.01	412800	2.59
4	Mr. Raghavullu Gubbala	223331	1.57	167083	1.05
5	Mr. Prabhavati Prabhala	208232	1.461	120781	0.76
6	Mr. Atlanta International Limited	396135	2.57	300562	1.87
7	Mr. Narshima Raju Gottamukkla	202000	1.41	202000	1.27
8	Mr. Prakhya Himabindu	200000	1.04	200000	1.26
9	Mr. KLK Electrical Limited	200000	1.04	200000	1.26
10	Mrs. M .Suguna	200000	1.04	200000	1.26


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	0	-	-	0
ii) Interest due but not paid	0	-	-	0
iii) Interest accrued but not due	0	-	-	0
Total (i+ii+iii)	0	-	-	0
Change in Indebtedness during the financial year				
- Addition	0	-	-	0
- Reduction	0	-	-	0
Net Change	0	-	-	0
Indebtedness at the end of the financial year				
i) Principal Amount	0	-	-	0
ii) Interest due but not paid	0	-	-	0
iii) Interest accrued but not due	0	-	-	0
Total (i+ii+iii)	0	-	-	0

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

Sl. No.	Name of MD/WT/Manager	Gross Salary			Stock Option	Sweat Equity	Commission		Others	Total	Ceiling as per the Act
		(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			as % of Profit	Others			
1	Mr. J. Murali Krishna	3300000					936310				4236310


B.

Sl.No.	Name of Directors	Independent Directors			Total (1)	Other Non-Executive Directors			Total (2)	Total (1+2)	Total Managerial Remuneration	Overall Ceiling as per the Act
		Fee for attending board / committee meetings	Commission	Others		Fee for attending board / committee meetings	Commission	Others				
1	Dr. G.T. Murthy	18000							18000			
2	Mr. B. Locabhiram	15000							15000			
3	Mr. Srinivas Pannala	12000							12000			
4	J.S.R. Durgaprasad					15000				15000		
5	Mrs. J. Sujatha					15000				15000		

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTd.

Sl. No.	Name of MD/WTd/Manager	Gross Salary			Stock Option	Sweat Equity	Commission		Others	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			as % of Profit	Others		
				NIL						

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority (RD / NCLT Court)	Appeal made, if any (give Details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

Annexure - 5**SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31.03.2018**

[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)

We 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 us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our 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. We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31/03/2018 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:

We 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 31/03/2018 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;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) 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;
- (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

vi. Other Laws applicable to the Company

Other Laws applicable specifically to the Company namely:

1. Information Technology Act, 2005 and the Rules made there under,
2. Software Technology Parks of India Rules made there under,
3. The Trade Marks Act, 1999.

We 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:

- The Company is required to appoint Chief Financial Officer as per the provisions of Section 203 of the Companies Act, 2013 and the relevant rules made there under. As explained to us, the Company is in the process of selecting suitable candidates for appointment of Chief Financial Officer.

- The Company has not fully spent the CSR Amount during the year as per the provisions of the Companies Act, 2013 which is required to be done. As explained to us, the Company is in the process of selecting suitable projects for spending the balance of the CSR Amount.

We 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.

We 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.

We 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.

Date : 20.08.2018

Place : Hyderabad

For VCSR & Associates
Company Secretaries

Sd/-
(Ch. Veeranjanyulu)
Partner
CP No. 6392

Note: This report is to be read with our 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

Our 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. Our responsibility is to express an opinion on their secretarial records based on our Audit.
2. We 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 our opinion.

3. The correctness and appropriateness of the financial records and Books of accounts of the company have not been verified.
4. Wherever required, we 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. Our 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.

Date : 20.08.2018

Place : Hyderabad

**For VCSR & Associates
Company Secretaries**

Sd/-
(Ch.Veeranjaneyulu)
Partner
CP No. 6392



Annexure - 6

CSR Report

1. **A Brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web link to the CSR policy and project or programs.**

The guiding principle of Vedavaag systems Limited believes that grow and lets grow.

Your company voluntarily Corporate Social Responsibility Policy and the same was revised in accordance with the provisions of Companies Act, 2013 and rules made there under.

- a) The Company under its CSR policy, affirms its commitment of seamless integration of marketplace, workplace, environment and community concerns with business operations by undertaking following activities / initiatives that are not taken in its normal course of business and/or confined to only the employees and their relatives and which are in line with the broad-based list of activities that are set out under schedule VII of the Companies Act 2013 and Rules.
- i) To Organise or help organize through business association/ social worker/ educational institution, health camps/ awareness, literacy or education programmes / sponsorships or such other awareness/initiative in the locality, villages etc that are deprived of such facilities.
 - ii) To take measures for optimum utilization of resources, pollution control and adopting cleaner environment/ environment friendly technologies and spread awareness of the same amongst employees and others.
 - iii) To create fund over a period of time for the purpose of helping or giving grants or donation either directly or through agency to the underprivileged or to those distressed in the event of natural calamity or major mishaps.
 - iv) To undertake such initiatives/ projects or participate in any events as the CSR Committee / Board may consider appropriate.
 - v) To contribute to the funds set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women.
- b) The Board of Directors has constituted the CSR Committee and the scope of the CSR Committee includes formulation and recommendation to the Board, a Corporate Social Responsibility Policy, to recommend the amount of expenditure to be incurred on the CSR activities, to monitor the Corporate Social Responsibility

Policy of the Company from time to time, to determine the implementation process and modalities of utilization of funds for undertaking CSR initiatives whether on annual basis or long term basis either by self-execution through Social Development cell consisting of senior officials of the Company appointed by the Managing Director for CSR implementation or otherwise as prescribed under the Companies (Corporate Social Responsibility Policy) Rules, 2014, etc.

2. The Composition of the CSR Committee

The present constitution of CSR Committee is as follows:

Name of the Director	Position held in the Committee	Category of the Director
Mr. B. Locabhiram	Chairman	Non Executive Independent Director
Mr. Srinivas Pannala	Member	Non Executive - Non Independent Director
Dr. G. T. Murthy	Member	Non Executive Independent Director

3. Average net profit of the Company for last three financial years.

Financial Year	Profit before Tax (Amount in (Rs.))	Net profit computed u/s 198 and adjusted as per rule 2 (1) (f) of Companies (CSR Policy) Rules, 2014
2014-2015	404,26,077	404,26,077
2015-2016	631,17,949	631,17,949
2016-2017	1237,70,106	1237,70,106
Average net profit for last 3 F.Y.	471,19,335	4 71,19,335

Prescribed CSR Expenditure (2% of the amount as in item 3 above). 9,42,387

5. Details of CSR spent during the financial year:

Particulars	Amount(Rs.)
a. Total amount to be spent	1,714,556
b. Amount Spent	1,40,000
c. Amount unspent(a)-(b)	1,574,556

**Manner in which the amount spent during the financial year is detailed below**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S.No.	CSR Project or activity Identified.	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads:	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency*
1.	Deeksha Educational Foundation	Education	Telangana	50000	50000	50000	Direct
2.	Deeksha Educational Foundation	Education	Telangana	90000	90000	90000	Direct

Give details of implementing agency:

Self

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the reasons for not spending the amount in its Board report.

The company is in the process of identifying the suitable projects for the remaining CSR spending.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

During the year the company has contributed 1,40,000 to various projects in the areas of education.

The CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Sd/-	Sd/-	
Locabhiram.B Chairman	(Chairman CSR Committee)	(Person specified under clause (d) of sub-section (1) of section 380 of the Act) (Where applicable)

ANNEXURE - 7

CORPORATE GOVERNANCE REPORT

Company's philosophy on code of Governance:

Your company strongly believes that good corporate governance is pillar for any commercial business to built and last. The company philosophy on corporate governance oversees business strategies and ensures fiscal accountability ,ethical corporate behaviour and fairness to all stakeholders .

The company in line with regulation stipulated under regulation 17 to 27 read with schedule V and Clause (b) to (i) of the sub regulation (2) of regulation (46) of Securities and Exchnage Board of India (listing obligation and disclosure requitremments) regulation 2015(SEBI Regulations) as applicable with regard to corporate governance.

Board of Directors:

The combination of board is right combination of executive and non-executive directors having immense knowledge and enhancing the company reputation and shareholder value. The Board provides strategic guidance to the company by exercising independent judgement.

Name of Director	Category	Designation
Dr. G. T. Murthy	Independent-Non Executive Director	Director
Mr. B. Locabhiram	Independent-non executive Director	Director
Mrs. J. Sujatha	Promoter–Non Executive Director	Woman Director
Mr. Srinivas Pannala	Independent-Non executive Director	Director
Mr. J.S.R. Durga Prasad	Promoter-Non executive Director	Chairman
Mr. J. Murali Krishna	Promoter-Executive Director	Managing Director

Audit Committee: "The company has qualified independent audit committee comprising 3 independent directors and 3 Non-executive directors . The audit committee met 4 times during the year under review, with a gap not exceeding 4 months between any two meetings. Each meeting consisted of atleast 3 members as its quorum out of which at least 2 are independent members. The said committee members are as follows.

The terms of reference of audit committee are as per regulation 18 of SEBI(Listing obligations and Disclosure requirement)regulations, read with section 177 of the companies Act 2013, and include some other functions assigned by the board from time to time.

Name of the Director	Position held in the Committee	Category of the Director
Mr. B. Locabhiram	Chairman	Non Executive Independent Director
Mr. J.S.R Durga Prasad	Member	Non executive- Non Independent Director
Dr. G. T. Murthy	Member	Non Executive Independent Director

Nomination and Remuneration Committee:

The Nomination and Remuneration committee has been formed in compliance with Regulation 19 of SEBI(LODR) regulations and pursuant to section 178 of companies Act 2013 consisting of Independent and Non-executive directors.

Name of the Director	Position held in the Committee	Category of the Director
Mr. Srinivas Pannala	Chairman	Non Executive Independent Director
Mr. J. Murali Krishna	Member	Executive Director
Dr. G. T. Murthy	Member	Non Executive Independent Director

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 the General Meeting and such other approvals as may be necessary, the Managing Director is paid remuneration. The present remuneration package of the company to the Managing director include Salary and perks.

Executive Director:

The remuneration of executive director of company is based on the Remuneration policy of the company .

S.No.	Name	Position	Salary	Variable pay	Com-mision	P.F	Total
1	Mr. J. Murali Krishna	Managing Director	33,00,000		936310		4236310

Non-executive Director:

The Siting fees of Rs. 3000 for Board and committee in addition to reimbursement out of pocket expenses. The amount is paid within ceiling limits under companies act, 2013 and article of association of the company.

S.No	Name of the director	Total Sitting Fee paid
1	Mr. J. S. R. Durga Prasad	15000
2	Dr. G. T. Murthy	18000
3	Mrs. J. Sujatha	15000
4	Mr. B. Locabhiram	15000
6	Mr. Srinivas Pannala	12000

Stakeholder Relationship Committee:

The stake holder relationship committee is formed under regulation 20 of (SEBI Listing Obligation and Disclosure requirements) regulation 2015, and pursuant to section 178 of companies Act 2013. One meeting was held during the year

The composition of Stakeholder relationship committee and attendance of each member is as under

Name of the Director	Category	No of meetings held during the year	No of meetings attended
Dr. G. T. Murthy	Chairman	1	1
Mr. Srinivas Pannala	Member	1	1
Mrs. J. Sujatha	Member	1	1

Prevention of insider trading:

Your company has code of internal procedures & conduct to regulate , monitor, and report trading by insiders in the securities of the company which is in adherence of SEBI(prohibition of insider trading) regulations 2015. The information is disseminated to the stock exchange within 2 days from the receipt of such of disclosures.

Means of communication :

Vedavaag Systems believes dissemination of information to **Stakeholders** as crucial. The quarterly/half yearly/Annually standalone and consolidated results of the company made available on BSE website and published in newspaper within 48 hours from the conclusion of meetings.

General Shareholder Information :

The 20th Annual General Meeting of the company will be held on **29-09-2018**

Financial Year : 1st April 2017 to 31st March 2018

Unaudited results for quarter ended 30th June 2017 : 16th August 2017

Unaudited results for quarter ended 30 th September 2017	: 14 th November 2017
Un-audited results for quarter ended 31 st December 2017	: 12 th February 2018
Audited results for the quarter ending 31 st March 2018	: 30 th May 2018
Date of Book Closure	: 22 nd September 2018, to 29 th September 2018 (Both days inclusive)
Stock exchange where company is listed	: Bombay Stock Exchange
BSE scrip code	: 533056
Demat ISIN number for NSDL and CDSL	: INE359B01010
CIN	: L72200TG1998PLC029240
Outstanding ADR/GDR/Warrants	: Yes
Any Convertible Instruments	: Yes

Market Price Data : Company's Equity shares are listed on Bombay Stock Exchange. High, low during the month and trading volumes of the company's equity shares during the last financial year 2017-2018.

Month	High Price	Low Price	No. of shares traded
April 2017	92.00	76	6301
May 2017	88.95	65	3153
June 2017	82.40	68.55	2934
July 2017	87.00	69.55	5815
August 2017	83.15	59.00	3893
September 2017	75.80	51.05	6279
October 2017	62.65	50.50	2803
November 2017	58.05	50.40	3227
December 2017	69.00	48.50	4884
January 2018	75.00	58.20	9062
February 2018	66.50	46	3418
March 2018	58.70	43.35	2270

Distribution Schedule:
Distribution schedule as on 31st March 2018

Shares	Holders		Shares	
	Number	% To Total	No Of Shares	% To Total
Upto - 500	5551	76.26	1025777	6.44
501 - 1000	758	10.41	630307	3.96
1001 - 2000	425	5.84	659125	4.14
2001 - 3000	175	2.40	457170	2.87
3001 - 4000	76	1.04	279448	1.75
4001 - 5000	72	0.99	343392	2.15
5001 - 10000	96	1.32	687225	4.31
10001 and above	126	1.73	11852526	74.38
Total	7279	100	15935000	100.0

Dematerialization of shares and liquidity:

The shares of the company are under compulsory demat trading. The company has made necessary arrangements with NSDL and CDSL for demat facility.

Address for Shareholders' Correspondence:

M/s. Venture Capital & Corporate Investments Private Ltd;

MIG-167, D.No.12-10-167, Bharat Nagar

Colony, Hyderabad – 500 018, Ph: 040-23818475/76.

**DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS
AND SENIOR MANAGEMENT PERSONNEL
WITH COMPANY'S CODE OF CONDUCT**

To,

The Members of
Vedavaag Systems Limited.

In terms of SEBI(LODR) Regulations, 2015. I hereby confirm that all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the respective code of conduct as applicable to them for the year ended 31st March 2018.

Date : 01-09-2018

Place : Hyderabad

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 2018, as stipulated in SEBI LODR Regulations 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.

Date : 30-05-2018
Place : Hyderabad

For **SASTRI & SHAH**
Chartered Accountants
(Firm's Registration No.003642S)
Sd./-
C. Pavan Kumar
Managing Partner
M.No.205896

INDEPENDENT AUDITORS' REPORT

To The Members of
Vedavaag Systems Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Vedavaag Systems Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements :

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and 'other accounting principles generally accepted in India.

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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

In conducting 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 and the Order issued under Section 143(11) of the Act.

We conducted our audit of the standalone financial statements 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 standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 standalone 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 the 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 standalone financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 March 31, 2018, and its profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, 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 purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

- e. On the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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 A'. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- 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, as amended, 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 standalone financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - iii. There has not been any occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund, and as such, the question of delay in transferring such sums does not arise.
- 2. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government in terms of Section 143(11) of the Act, we give in 'Annexure B' a statement on the matters specified in paragraphs 3 and 4 of the Order.

Date : 30-05-2018

Place : Hyderabad

For **SASTRI & SHAH**

Chartered Accountants

(Firm's Registration No.003642S)

Sd./-

C. Pavan Kumar

Managing Partner

M.No.205896

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of Vedavaag Systems Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting 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 March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company 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. 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, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company 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') issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section -143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 judgment, 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 authorizations of the management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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, to the best of our information and according to the explanations given to us, 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 March 31, 2018, 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.

Date : 30-05-2018

Place : Hyderabad

For **SASTRI & SHAH**

Chartered Accountants

(Firm's Registration No.003642S)

Sd./-

C. Pavan Kumar

Managing Partner

M.No.205896

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of Vedavaag Systems Limited of even date)

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. In respect of the Company's fixed assets

- a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b. The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - c. According to the information and explanations given to us, and based on the records examined by us, the Company does not hold any immovable properties, whether own or on lease.
- ii. The Company is in the business of providing software services and has physical inventories. As explained to us, physical verification of inventories has been conducted by the Management at reasonable intervals during the year. No material discrepancies were noticed.
- iii. According to the information and explanations given to us, the Company has granted unsecured loans to its Wholly Owned Subsidiary Companies covered in the register maintained under section 189 of the Companies Act, 2013 where the terms and conditions of the grant of such loans are not prejudicial to the Company's interest.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- v. The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2018 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.



- vi. The maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company. Thus reporting under Clause 3(vi) of the order is not applicable to the Company.
- vii. According to the information and explanations given to us, in respect of statutory dues
 - a. The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Value Added Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - b. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Value Added Tax, Goods and Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.
 - c. There were no dues of Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Excise Duty and Value Added Tax which have not been deposited as at March 31, 2018 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 has availed loans or borrowings from multiple Banks, (including 100% Cash Margin Backed Bank Guarantees), the repayment commitments of which during the year have been prompt, without any default.
- ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under Clause 3 (ix) of the Order is not applicable to the Company.
- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

- xii. The Company is not a nidhi company and hence, reporting under Clause 3 (xii) of the Order is not applicable to the Company.
- xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- xiv. The Company had during the previous year 2016-17 vide EGM of share holders dated 4th January 2017 Issued 1,00,00,000 convertible warrants on preferential basis to the promoter and others in terms of Sections 42 and 62(1)(c) of the Companies Act, 2013 resulting in consequential allotment of corresponding shares during the year under review to those allottees who had exercised their option and initiated full payments. In our opinion and according to the information and explanations given to us, the requirements of Section 42 of Companies Act, 2013 have been complied with and the amounts raised have been used for the purpose for which the funds were raised.
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

Date : 30-05-2018

Place : Hyderabad

For **SASTRI & SHAH**

Chartered Accountants

(Firm's Registration No.003642S)

Sd./-

C. Pavan Kumar

Managing Partner

M.No.205896

VEDAVAAG SYSTEMS LIMITED
103, West Block, Siri Sai Orchid, Madhapur, Hitec City, Hyderabad - 500 081
STANDALONE BALANCE SHEET AS AT 31ST MARCH, 2018

Particulars	Note	AS AT 31.03.2018 Rs.	AS AT 31.03.2017 Rs.	AS AT 31.03.2016 Rs.
I. Assets				
(1) Non-Current Assets				
(a) Property Plant & Equipment	1	205,766,009	149,648,643	124,398,679
(b) Other Intangible Assets	2	27,318,131	7,550,100	6,997,012
(c) Financial Assets				
i Investments	3	70,200,000	30,200,000	200,000
ii Trade Receivables				
iii Other Financial Assets				
(d) Other Non Current Assets	4	5,843,150	6,032,820	28,086,229
Total Non Current Assets		309,127,290	193,431,563	159,681,920
2 Current Assets				
(a) Inventories	5	11,832,495	161,249,000	137,845,251
(b) Financial Assets				
i Investments				
ii Trade Receivables	6	458,990,008	215,823,168	224,099,468
iii Cash and Cash Equivalents	7	16,372,580	73,568,491	48,088,203
iv Bank Balances Other than iii above	8	6,261,166	7,156,415	8,653,565
(c) Current Tax Assets (Net)	9	-	-	4,570,668
(d) Other Current Assets	10	280,019,995	258,696,012	157,442,629
Total Current Assets		773,476,244	716,493,086	580,699,783
Total Assets		1,082,603,534	909,924,649	740,381,703
II EQUITY AND LIABILITIES				
(1) Equity				
(a) Equity Share Capital	11	159,350,000	142,500,000	141,300,000
(b) Other Equity	12	569,737,346	433,262,687	245,561,804
Total Equity		729,087,346	575,762,687	386,861,804

Particulars	Note	AS AT 31.03.2018 Rs.	AS AT 31.03.2017 Rs.	AS AT 31.03.2016 Rs.
(2) Liabilities				
Non-Current Liabilities				
(a) Financial Liabilities				
i. Borrowings	13	4,796,710	486,688	-
ii. Trade Payables				
iii. Other Financial Liabilities				
(b) Deferred Tax Liabilities (Net)	14	27,635,998	14,876,341	19,127,769
(c) Other Non Current Liabilities	15	26,299,156	14,346,595	7,119,218
Total Non Current Liabilities		58,731,864	29,709,624	26,246,987
3 Current Liabilities				
(a) Financial Liabilities				
i. Borrowings	16	44,423,712	-	-
ii. Trade Payables	17	169,331,101	231,573,541	241,031,054
iii. Other Financial Liabilities				
(b) Other Current Liabilities	18	62,679,841	61,919,776	86,241,858
(c) Current Tax Liabilities	19	18,349,670	10,959,021	-
Total Current Liabilities		294,784,324	304,452,338	327,272,912
Total Liabilities (2+3)		353,516,188	334,161,962	353,519,899
Total Equity and Liabilities		1,082,603,534	909,924,649	740,381,703

The accompanying notes 1 to 32 are an integral part of the financial statements

For **SASTRI & SHAH**
Chartered Accountants
(Firm's Registration No.003642S)

Sd./-

C. Pavan Kumar
Managing Partner
M.No.205896

For and on behalf of the Board of Directors

Sd/

J. S. R. Durga Prasad
Chairman

Sd/

J. Murali Krishna
Managing Director

Date : 30-05-2018

Place : Hyderabad

**VEDAVAAG SYSTEMS LIMITED**

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

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

Particulars	Note No.	for the year ended 31.03.2018 Rs.	for the year ended 31.03.2017 Rs.
1) INCOME			
a) Revenue from Operations	20	745,247,108	929,451,982
b) Other Income	21	4,012,179	11,516,970
Total Income		749,259,286	940,968,952
2) EXPENSES			
a) Project Expenses	22	310,830,543	215,691,099
b) Cost of Material	23	212,542,218	524,810,501
c) Employee Benefits Expense	24	30,715,610	34,413,547
d) Finance Cost	25	452,163	126,684
e) Depreciation and Amortisation Expense	1	27,159,038	24,890,100
f) Other Expenses	26	19,169,394	17,266,916
Total Expenses		600,868,967	817,198,847
3) Profit Before Exceptional Item and Tax (1-2)		148,390,319	123,770,105
4 Exceptional Item			
5 Profit Before Tax		148,390,319	123,770,105
Tax Expenses			
Current Tax		30,805,830	37,580,650
Deferred Tax		12,759,657	-4,251,428
6 Profit After Tax		104,824,832	90,440,883
7 Other Comprehensive Income			
a) (i) Items that will not be reclassified to profit or loss		-	-
(ii) Income Tax relating to items that will not be reclassified to profit or loss		-	-
b) (i) Items that will be reclassified to profit or loss		-	-
(ii) Income Tax relating to items that will be reclassified to profit or loss		-	-
Total other comprehensive Income		104,824,832	90,440,883
8 Total Comprehensive Income			
9 Earnings per Share			
a) Basic		6.995	6.347
b) Diluted		6.985	6.347

The accompanying notes 1 to 32 are an integral part of the financial statements

For **SASTRI & SHAH**

Chartered Accountants

(Firm's Registration No.003642S)

Sd./-

C. Pavan Kumar

Managing Partner

M. No. 205896

For and on behalf of the Board of Directors

Sd/

J. S. R. Durga Prasad

Chairman

Sd/

J. Murali Krishna

Managing Director

Date : 30-05-2018

Place : Hyderabad

**Standalone Statments of Changes in Equity**

Particulars	AS AT 31.03.2018 Rs.	AS AT 31.03.2017 Rs.	AS AT 31.03.2016 Rs.
A. Equity Share Capital			
Balance at the beginning	142,500,000	141,300,000	141,300,000
Add : Changes in Equity share capital during the year	16,850,000	1,200,000	-
Closing Balances	159,350,000	142,500,000	141,300,000

Particulars	AS AT 31.03.2018 Rs.	AS AT 31.03.2017 Rs.	AS AT 31.03.2016 Rs.
B. Other Equity			
Other Reserves			
Capital Reserve	10,667,080	10,667,080	10,667,080
Securities Premium	111,865,000	63,000,000	63,000,000
Equity share warrant money	81,071,250	97,500,000	240,000
Surplus			
Opening Balances	262,095,607	171,654,724	117,876,076
Add : Prior period Adjustments	14,739,444		
Add : Profit during the Year	104,824,832	90,440,883	53,778,648
Less: Dividend for Financial Year 2016-17	15,525,867	-	-
Closing Balances	366,134,016	262,095,607	171,654,724
Total	569,737,346	433,262,687	245,561,804

**VEDAVAAG SYSTEMS LIMITED**

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

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2018

	Particulars	for the year ended 31.03.2018 Rs.	for the year ended 31.03.2017 Rs.
A	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit Before Tax	148,390,319	123,770,105
	Adjustments for:		
	Depreciation	27,159,038	24,890,100
	Prior Period Adjustment	14,739,444	
	Dividend for F.Y.2016-17	-15,525,867	
	Interest & Finance Charges	452,163	126,684
	Interest Income	-277,026	-619,612
	Operating Profit before Working Capital Changes	174,938,071	148,167,277
	Adjustments for:		
	Increase/(Decrease) in Inventories	149,416,505	-23,403,749
	Increase/(Decrease) in Trade Recivables	-243,166,840	8,276,300
	Increase/(Decrease) in Other Non-Current Assets	189,670	22,053,409
	Increase/(Decrease) in Other Current Assets	-21,323,983	-101,253,383
	Increase/(Decrease) in Trade Payables	-62,242,441	-9,457,513
	Increase/(Decrease) in Other Current Liabilities &Provisions	760,065	-24,322,082
	Increase/(Decrease) in Non Current Liabilities	24,712,218	7,227,377
	Cash generated from operations	23,283,265	27,287,636
	Income Tax paid	36,174,837	22,050,961
	Net Cash flow from Operating activities	-12,891,572	5,236,675



	Particulars	for the year ended 31.03.2018 Rs.	for the year ended 31.03.2017 Rs.
B	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of Fixed assets and Capital Work In progress	-103,044,435	-50,693,152
	Purchase of Investments	-40,000,000	-30,000,000
	Interest Received	277,026	619,612
	Net Cash used in Investing activities	-142,767,409	-80,073,540
C	CASH FLOW FROM FINANCING ACTIVITIES		
	Increase in Share capital	16,850,000	1,200,000
	Increase in Securities Premium	48,865,000	97,260,000
	Decrease in Equity Share Warrents	-16,428,750	
	Interest Charges	-452,163	-126,684
	Long term Borrowings	48,733,734	486,688
	Net Cash used in financing activities	97,567,821	98,820,004
	Net increase in Cash & Cash Equivalents	-58,091,160	23,983,139
	Cash and Cash Equivalent at the beginning of the period	80,724,906	56,741,768
	Cash and Cash Equivalent at the end of the period	22,633,746	80,724,907

For **SASTRI & SHAH**

Chartered Accountants

(Firm's Registration No.003642S)

Sd./-

C. Pavan Kumar

Managing Partner

M.No. 205896

For and on behalf of the Board of Directors

Sd/

J. S. R. Durga Prasad

Chairman

Sd/

J. Murali Krishna

Managing Director

Date : 30-05-2018

Place : Hyderabad

Notes Forming Part of the Standalone Financial Statements

1. **Company Information:**

Vedavaag Systems Limited("the Company") is a Public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on BSE stock exchange in India.

The registered office of the company is located at 1-90-8/13, B Block, 103, Siri Sai Orchid, Hi-Tech City, Madhapur, Hyderabad - 500081, Telangana. The Company is principally engaged in IT Sales and Services like E - Governance & Citizen Services, Banking, Finance and Insurance Services.

The financial Statements for the year ended 31st March 2018 were approved by the Board of Directors and authorised for issue on 30th May, 2018.

2. **SIGNIFICANT ACCOUNTING POLICIES:**

a. **Statement of Compliance:**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind-AS) specified under Section 133 of companies Act, 2013, read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, with effect from 1st April 2017. Previous periods have been restated to Ind-AS.

These are the Company's first financial statements prepared in accordance with Ind AS and Ind AS 101: **First time adoption of Indian Accounting Standards** has been applied.

An Explanation of how the transition to Ind-AS has affected the reported Balance Sheet, Profit and Loss account and Cash flows of the Company is provided in **Note 31**.

b. **Basis of Preparation:**

The financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date.

c. **Functional and Presentation Currency:**

These financial statements are presented in Indian Rupees (INR), which is the Company's functional currency.

**d. Use of Estimates and Judgement:**

The preparation of the financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, disclosures of contingent liabilities and contingent assets at the date of the financial statements and reported amounts of income and expenses during the period. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

e. Current and Non-Current classification:

The Company presents assets and liabilities in the balance sheet on current / non-current classification.

An asset is current when it is:

- ◆ Expected to be realised or intended to be sold or consumed in normal operating cycle;
- ◆ Held primarily for the purpose of trading;
- ◆ Expected to be realized within twelve months after the reporting period in 31-3-2018.
- ◆ Cash or Cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All the other assets are classified as non-current.

A liability is current when:

- ◆ It is expected to be settled in normal operating cycle;
- ◆ It is held primarily for the purpose of trading
- ◆ It is due to be settled within twelve months after the reporting period; or
- ◆ There is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All the other liabilities are classified as non-current.

Deferred tax assets/liabilities are classified as non-current.

f. Property, Plant and Equipment:

Recognition and measurement

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if:

- (a) It is probable that future economic benefits associated with the item will flow to the entity; and
- (b) The cost of the item can be measured reliably.

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure directly attributable to the acquisition of the asset. General and specific borrowing costs directly attributable to the construction of a qualifying asset are capitalized as part of the cost.

Depreciation:

The Company depreciates property, plant and equipment over the estimated useful life on a straight-line basis from the date the assets are available for use.

The estimated useful life of assets are reviewed and where appropriate are adjusted, annually.

Subsequent Cost:

Subsequent expenditure relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably.

g. Intangible Assets:

An intangible asset shall be recognised if, and only if:

- (a) It is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- (b) The cost of the asset can be measured reliably.

An intangible asset shall be carried at its cost less any accumulated amortisation. Intangible assets are amortized on straight line basis.

h. Investments:

Long term and unquoted current investments are stated at cost and quoted current investments at lower of cost or market value. Provision for diminution in value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.

i. Inventory :

Inventories shall be measured at the lower of cost and net realisable value
Cost of Inventory is determined using the FIFO.

j. Revenue Recognition:

The company primarily derives Revenue from rendering IT and IT enabled services, System Integration/IOT Projects.

- i) Revenue from time and material engagements is recognized on time proportion basis as and when the services are rendered in accordance with the terms of the contracts with customers.
- ii) In case of fixed price contracts, revenue is recognized based on the milestones achieved as specified in the contracts, on proportionate completion basis.
- iii) Revenue from maintenance contracts and subscription is recognized on a pro-rata basis over the period of the contract.
- iv) Unbilled revenue represents revenue recognized in relation to work done on time and material projects and fixed price projects until the balance sheet date for which billing has not taken place.
- v) Interest income is recognized on a time proportion basis taking into account the carrying amount and the effective interest rate. Interest income is included under the head 'Other income' in the statement of profit and loss.

k. Income Tax:

Income tax comprises current and deferred tax. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to a business combination, or items directly recognized in equity or in other comprehensive income.

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amounts are those that are enacted or substantively enacted as at the reporting date and applicable for the period. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and liability simultaneously.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority. Deferred tax is recognized in profit or loss except to the extent that it relates to items recognized directly in Other Comprehensive Income or equity, in which case it is recognized in Other Comprehensive Income or equity.

I. Employee Benefits:

Gratuity:

In accordance with the Payment of Gratuity Act, 1972, applicable for Indian companies, the Company provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Company. The gratuity fund is managed by third party funds. The Company's obligation in respect of the gratuity plan, which is a defined benefit plan, is provided for based on actuarial valuation using the projected unit credit method. The Company recognizes actuarial/Remeasurement gains and losses in other comprehensive income, net of taxes.

Provident Fund:

The Company make contribution to the statutory provident fund in accordance with the Employees' Provident Funds and Miscellaneous Provision Act, 1952 which is a defined contribution plan and contribution paid or payable is recognized as an expense in the period in which the services are rendered.

Leave Encashment:

The Company measures the expected cost of compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The Company recognizes accumulated compensated absences based on actuarial valuation using the projected unit credit method. Non-accumulating compensated absences are recognized in the period in which the absences occur.

m. Impairment of Non-financial Assets:

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment

considering the provisions of Ind AS 36 'Impairment of Assets'. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

n. Earnings per Share:

Basic earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Group by the weighted average number of equity shares outstanding during the financial year.

Diluted earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Group by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

Basic and diluted earnings per equity share are also computed using the earnings amounts excluding the movements in regulatory deferral account balances.

o. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

p. Critical accounting judgements and key source of estimation uncertainty:

The preparation of financial statements requires management to make judgments, estimates and assumptions that may impact the application of accounting policies and the reported value of assets, liabilities, income,

expenses and related disclosures concerning the items involved as well as contingent assets and liabilities at the balance sheet date. The estimates and management's judgments are based on previous experience and other factors considered reasonable and prudent in the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In order to enhance understanding of the financial statements, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is as under:

1. Useful life of property, plant and equipment:

The estimated useful life of property, plant and equipment is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

Useful life of the assets of the group is as per the schedule II of the Companies Act, 2013. The Group reviews at the end of each reporting date the useful life of property, plant and equipment.

2. Recoverable amount of property, plant and equipment:

The recoverable amount of plant and equipment is based on estimates and assumptions regarding in particular the expected market outlook and future cash flows associated with the power plants. Any changes in these assumptions may have a material impact on the measurement of the recoverable amount and could result in impairment.

3. Post-employment benefit plans:

Employee benefit obligations are measured on the basis of actuarial assumptions which include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, the rate of salary increases and the inflation rate. The Group considers that the assumptions used to measure its obligations are appropriate and documented. However, any changes in these assumptions may have material impact on the resulting calculations.

4. Assets held for sale

Significant judgment is required to apply the accounting of non-current assets held for sale under Ind AS 105 “Non-Current Assets held for sale and discontinued Operations”. In assessing the applicability, management has exercised judgment to evaluate the availability of the asset for immediate sale, management’s commitment for the sale and probability of sale within one year to conclude if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

5. Provisions and contingencies:

Management judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy.

6. Impairment of Investments:

Investments in Subsidiaries are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in the economic environment.

Impairment test is performed at entity level. An impairment loss is recognised whenever the carrying amount of Investment exceeds its recoverable amount.

The recoverable amount is the greater of its fair value less costs to sell and value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. The calculation involves use of significant estimates and assumptions which include turnover and gross margin, growth rate and net margin used to calculate projected future cash flows, discount rate and long term growth rate.

q. Recent accounting pronouncements:

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration on March 28, 2018, the Ministry of Corporate Affairs(‘the MCA’) notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of

determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

Ind AS 115, Revenue from Contract with Customers: On March 28, 2018, the MCA notified the Ind AS 115. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- ◆ Retrospective approach – Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting policies, Changes in Accounting Estimates and Errors.
- ◆ Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch – up approach)

The effective date for adoption of Ind AS 115 is financial period beginning on or after April 1, 2018.

The company will adopt the standard on April 1, 2018 by using the cumulative catch up transition method and accordingly, comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insufficient.

r. Financial Instruments:

As per Ind AS 109, Financial Instruments, all financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Financial assets are subsequently measured at amortized cost, fair value through profit or loss or fair value through other comprehensive income as the case may be.

On account of adoption of Ind AS 109, the group uses Expected Credit Loss (ECL) model to assess the impairment loss or gain. The group uses a provision matrix to compute the expected credit loss allowance for trade

receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors, credit ratings and the Group's historical experience for customers. The adoption of ECL model did not have a material impact on the financial statements.

Fair value of financial instrument:

In determining the fair value of financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value and such value may never actually be realized.

For financial assets and liabilities maturing within one year from the Balance Sheet date and which are not carried at fair value, the carrying amounts approximate fair value due to the short maturity of these instruments.

NOTES TO STANDALONE BALANCE SHEET

Note 1 : Property Plant & Equipment

Particulars	Computer Hardware Rs.	Furniture & Fixtures Rs.	Vehicles Rs.	Office Equipment Rs.	Others Rs.	Total Rs.
Gross Block						
Balance as at 01.04.2016	545,730,664	9,313,788	2,070,462	2,424,748	7,501,468	567,041,130
Additions	47,980,962	553,452	938,103		727,220	50,199,737
Deletions			133,107			133,107
Balance as at 31.03.2017	593,711,626	9,867,240	2,875,458	2,424,748	8,228,688	617,107,760
Additions	71,398,904	482,925	7,364,127	261,204	2,574,063	82,081,223
Deletions	218,345,994					
Balance as at 31.03.2018	446,764,536	10,350,165	10,239,585	2,685,952	10,802,751	699,188,983
Accumulated Depreciation						
Balance as at 01.04.2016	424,127,135	8,925,692	1,680,018	673,721	7,235,885	442,642,451
Charge for the year	24,736,478	22,644	40,595		16,949	24,816,666
Disposals						
Balance as at 31.03.2017	448,863,613	8,948,336	1,720,613	673,721	7,252,834	467,459,117
Charge for the year	25,009,248	80,690	630,357	113,327	130,235	25,963,857
Deletion	218,345,994					
Balance as at 31.03.2018	255,526,867	9,029,026	2,350,970	787,048	7,383,069	493,422,974
Net Block						
Balance as at 01.04.2016	121,603,529	388,096	390,444	1,751,027	265,583	124,398,679
Balance as at 31.03.2017	144,848,013	918,904	1,154,845	1,751,027	975,854	149,648,643
Balance as at 31.03.2018	191,237,669	1,321,139	7,888,615	1,898,904	3,419,681	205,766,009

1.1 Additions to the Fixed Assets includes Rs.6.89cr transferred from Inventory.

1.2. During the year, Rs.21.83cr of Gross Block and Equivalent amount of Accumulated Depreciation of Computer Hardware has been deleted as the Assets have been fully depreciated and have no realisable value.

Note 2 : Other Intangible Assets

Particulars	Computer Software Rs.	Project Development WIP Rs.	Total Rs.
Gross Block			
Balance as at 01.04.2016	47,044,146		47,044,146
Additions	626,522		626,522
Deletions			-
Balance as at 31.03.2017	47,670,668		47,670,668
Additions	250,212	20,713,000	20,963,212
Deletions	21,575,000		21,575,000
Balance as at 31.03.2018	26,345,880	20,713,000	47,058,880
Amortization			-
Balance as at 01.04.2016	40,047,134	-	40,047,134
Charge for the year	73,434	-	73,434
Disposals	-	-	-
Balance as at 31.03.2017	40,120,568	-	40,120,568
Charge for the year	1,195,181		1,195,181
Disposals	21,575,000		21,575,000
Balance as at 31.03.2018	19,740,749	-	19,740,749
Net Block			-
Balance as at 01.04.2016	6,997,012	-	6,997,012
Balance as at 31.03.2017	7,550,100	-	7,550,100
Balance as at 31.03.2018	6,605,131	20,713,000	27,318,131

- 2.1. During the year, Rs.2.16cr of Gross Block and Equivalent amount of Accumulated Depreciation of Computer Software has been deleted as the Assets have been fully amortised and have no realisable value.

Note 3 : Non Current Invesments

Particulars	AS AT 31.03.2018 Rs.	AS AT 31.03.2017 Rs.	AS AT 31.03.2016 Rs.
A . Investment in Wholly Owned Subsidiaries (At Cost)			
1. Investment in Equity Instruments (Unquoted)			
VSL Data Systems Private Limited (formaly Synaptic Systems Pvt.Ltd) 30,00,000 Equity shares of Rs.10 each	30,000,000	30,000,000	
Vagdevi Sark Edutech Private Limited 10000 equity shares of Rs.10 each	100,000	100,000	100,000
Vedavaag common Service Centers Private Limited 10000 equity shares of Rs.10 each	100,000	100,000	100,000
2. Investments in Preference Shares			
VSL Data Systems Private Limited 40,00,000 5% Redeemable Cumulative Preference shares of Rs.10 each	40,000,000	-	-
Total	70,200,000	30,200,000	200,000
Aggregate value of Unquoted investments	70,200,000	30,200,000	200,000

Note 4 : Other Non Current Assets

Particulars	AS AT 31.03.2018 Rs.	AS AT 31.03.2017 Rs.	AS AT 31.03.2016 Rs.
Capital Advances	-	-	22,559,241
Deposits * (Unsecured Considered good)	5,843,150	6,032,820	5,526,988
Total	5,843,150	6,032,820	28,086,229

* Deposit includes Rental deposits and Security Deposit with BSEDC Limited.

Note : 5 Inventory

Particulars	AS AT 31.03.2018 Rs.	AS AT 31.03.2017 Rs.	AS AT 31.03.2016 Rs.
Inventories and Project WIP (valued at FIFO)	11,832,495	161,249,000	137,845,251
Total	11,832,495	161,249,000	137,845,251

Note : 6 Trade Receivables

Particulars	AS AT 31.03.2018 Rs.	AS AT 31.03.2017 Rs.	AS AT 31.03.2016 Rs.
Secured, Considered Good (Receivable from Govt. Parties and Others)	-	-	-
Unsecured, Considered Good (Receivable from Govt. Parties and Others)	458,990,008	215,823,168	224,099,468
Total	458,990,008	215,823,168	224,099,468

Note : 7 Cash and Cash Equivalents

Particulars	AS AT 31.03.2018 Rs.	AS AT 31.03.2017 Rs.	AS AT 31.03.2016 Rs.
Balance with Bank	13,646,265	70,591,344	45,264,777
Cash on Hand	2,726,315	2,977,147	2,823,426
Total	16,372,580	73,568,491	48,088,203

Note 8 : Bank Balances Other than above

Particulars	AS AT 31.03.2018 Rs.	AS AT 31.03.2017 Rs.	AS AT 31.03.2016 Rs.
Balance with Bank (Margin Money Deposits)	6,261,166	7,156,415	8,653,565
Total	6,261,166	7,156,415	8,653,565

Note : 9 Current Tax Asset

Particulars	AS AT 31.03.2018 Rs.	AS AT 31.03.2017 Rs.	AS AT 31.03.2016 Rs.
Provision for the year	-		24,261,138
Less:TDS	-		28,831,806
			-
Total	-	-	4,570,668

Note : 10 Other Current Assets

Particulars	AS AT 31.03.2018 Rs.	AS AT 31.03.2017 Rs.	AS AT 31.03.2016 Rs.
Advances other than Capital Advances			
Security Deposits	1,474,346	115,846	10,200,000
Advance to Subsidiaries *	144,342,276	108,655,062	21,300,000
Projects in Progress	92,910,708	74,196,839	39,856,495
Other Advances	35,759,441	75,728,265	86,086,134
MAT Credit	5,533,225	-	-
Total	280,019,995	258,696,012	157,442,629

* The Management is Optimistic of recovery of the advances to subsidiaries in the next Twelve months.

Standalone Notes to Equity Note No. 11

A) Equity Share Capital	As at 31.03.2018		As at 31.03.2017		As at 31.03.2016	
	Number	Rs.	Number	Rs.	Number	Rs.
Authorised						
Equity Shares of Rs.10 Each	30,000,000	300,000,000	30,000,000	300,000,000	19,000,000	190,000,000
8% Preference Shares of Rs.10/-each	-	-	-	-	1,000,000	10,000,000
Total		300,000,000		300,000,000		200,000,000
Issued, Subscribed & Paid up						
Equity shares of Rs.10 Each	15,935,000	159,350,000	14,250,000	142,500,000	14,130,000	141,300,000
Total		159,350,000		142,500,000		141,300,000

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

Particulars	Number	Rs.	Number	Rs.	Number	Rs.
Shares outstanding at the beginning of the year	14,250,000	142,500,000	14,130,000	141,300,000	13,630,000	136,300,000
Shares issued during the year	1,685,000	16,850,000	120,000	1,200,000	500,000	5,000,000
Shares bought back during the year			-	-	-	-
Shares outstanding at the end of the year	15,935,000	159,350,000	14,250,000	142,500,000	14,130,000	141,300,000

C) Terms/rights attached to equity shares, including restrictions on distribution of dividends and the repayment of capital

The Company has only one class of shares referred to as equity shares having a par value of Rs 10 each

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.

D) During the year the company has allotted 16,85,000 equity shares on conversion of equity share warrants issued during January 2017 and 83,15,000 equity share warrants are pending for conversion.

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

Name of Share Holder	As at 31st March 2018		As at 31st March 2017		As at 31st March 2016	
	No of Shares Held	% of holding	No of Shares Held	% of holding	No of Shares Held	% of holding
J.MURALI KRISHNA	1,598,712	10.03%	1,598,712	11.22%	1,598,712	11.31%
J.S.R.DURGA PRASAD	1,609,960	10.10%	1,477,707	10.37%	1,357,707	9.34%
<p>F) In the Period of Five Years immediately preceding March 31st 2018.</p> <p>i. The company has not bought back any equity shares.</p> <p>ii. The company has not allotted any equity shares as fully paid up without payment being received in cash.</p>						

Note : 12

Particulars	AS AT 31.03.2018 Rs.	AS AT 31.03.2017 Rs.	AS AT 31.03.2016 Rs.
Other Equity			
Other Reserves			
Capital Reserve	10,667,080	10,667,080	10,667,080
Securities Premium	111,865,000	63,000,000	63,000,000
Equity Share warrant money	81,071,250	97,500,000	240,000
Surplus			
Opening Balance	262,095,607	171,654,724	117,876,076
Add : Prior period Adjustments	14,739,444		
Add : Profit during the Year	104,824,832	90,440,883	53,778,648
Less: Dividend for Financial Year 2016-17	15,525,867	-	-
Closing Balances	366,134,016	262,095,607	171,654,724
Total	569,737,346	433,262,687	245,561,804

Note : 13 Borrowings (Non Current)

Particulars	AS AT 31.03.2018 Rs.	AS AT 31.03.2017 Rs.	AS AT 31.03.2016 Rs.
Vehicle Loan* (Secured by Hypothecation of the Vehicles)	4,796,710	486,688	-
Total	4,796,710	486,688	-

- * Vehicle loan from Andhra Bank availed at an interest rate of 9.2% p.a., repayable in 60EMIs and the outstanding balance is Rs.21.61 lakhs. There is no overdue installment.
- * Vehicle loan from Diamler Financial Services Pvt.Ltd. availed at an interest rate of 8.37% p.a., repayable in 60 EMIs and the outstanding balance is Rs.37.67 Lakhs. There is no overdue installment
- * Vehicle loan from Axis Bank. availed at an interest rate of 9.15% p.a., repayable in 60 EMIs and the outstanding balance is Rs.4.87 Lakhs. There is no overdue installment.

Note : 14 Deferred Tax Liabilities (Net)

Particulars	AS AT 31.03.2018 Rs.	AS AT 31.03.2017 Rs.	AS AT 31.03.2016 Rs.
Opening Balance	14,876,341	19,127,769	34,049,605
Add or (Less):Charge during the Year	12,759,657	(4,251,428)	(14,921,836)
Total	27,635,998	14,876,341	19,127,769

Note : 15 Other Non Current Liabilities

Particulars	AS AT 31.03.2018 Rs.	AS AT 31.03.2017 Rs.	AS AT 31.03.2016 Rs.
Deposits *	26,299,156	14,346,595	7,119,218
Total	26,299,156	14,346,595	7,119,218

* Deposits includes Security Deposits received from Franchisees

Note : 16 Borrowings (Current)

Particulars	AS AT 31.03.2018 Rs.	AS AT 31.03.2017 Rs.	AS AT 31.03.2016 Rs.
Unsecured loans from Directors (Interest Free)	44,423,712	-	-
Total	44,423,712	-	-

Note : 17 Trade Payables

Particulars	AS AT 31.03.2018 Rs.	AS AT 31.03.2017 Rs.	AS AT 31.03.2016 Rs.
Trade Payables*	169,331,101	231,573,541	241,031,054
Total	169,331,101	231,573,541	241,031,054

*There are no dues to any MSME undertakings.

Note : 18 Other Current Liabilities

Particulars	AS AT 31.03.2018 Rs.	AS AT 31.03.2017 Rs.	AS AT 31.03.2016 Rs.
Expenses payable	20,087,559	17,351,017	86,241,858
Current maturities of Long term Debt (Vehicle loans)	1,618,380	271,518	-
Unpaid dividend	639,442	-	-
Taxes and Duties	40,334,460	44,297,241	-
Total	62,679,841	61,919,776	86,241,858

Note : 19 Current Tax Liability

Particulars	AS AT 31.03.2018 Rs.	AS AT 31.03.2017 Rs.	AS AT 31.03.2016 Rs.
Provision for the year	30,805,830	37,580,652	-
Less:TDS	12,456,160	26,621,631	-
Total	18,349,670	10,959,021	-

Note : 20 Revenue From Operations

Particulars	AS AT 31.03.2018 Rs.	AS AT 31.03.2017 Rs.
Sales	218,152,927	560,957,261
Services	527,094,181	368,494,721
Total	745,247,108	929,451,982

Note : 21 Other Income

Particulars	AS AT 31.03.2018 Rs.	AS AT 31.03.2017 Rs.
Interest Income	277,026	619,612
Other Non Operating Income	3,735,153	10,897,358
Total	4,012,179	11,516,970

**Note : 22 Project Expenses**

Particulars	AS AT 31.03.2018 Rs.	AS AT 31.03.2017 Rs.
Project Expenses	310,830,543	215,691,099
Total	310,830,543	215,691,099

Note : 23 Cost of Material

Particulars	AS AT 31.03.2018 Rs.	AS AT 31.03.2017 Rs.
Opening Inventory	161,249,000	137,845,251
Add: Purchases (Net)	63,125,713	548,214,250
Total	224,374,713	686,059,501
Less: Closing Inventory	11,832,495	161,249,000
Total	212,542,218	524,810,501

Note : 24 Employee Benefit Expenses

Particulars	AS AT 31.03.2018 Rs.	AS AT 31.03.2017 Rs.
Salaries and Wages	30,715,610	34,413,547
Total	30,715,610	34,413,547

Note : 25 Finance Cost

Particulars	AS AT 31.03.2018 Rs.	AS AT 31.03.2017 Rs.
Interest -Others	12,712	-
Interest on Vehicle Loan	439,451	126,684
Total	452,163	126,684

**Note : 26 Other Expenses**

Particulars	AS AT 31.03.2018 Rs.	AS AT 31.03.2017 Rs.
Audit Fee	200,000	175,000
Business Development and Marketing	998,100	1,152,194
Bank charges	132,438	243,246
Consultancy& Legal	1,699,821	2,614,200
Telephone & Internet	205,909	1,177,058
Miscellaneous	705,325	225,645
Meeting Expenses	178,068	274,068
Printing and Stationery	337,310	472,189
Insurance	56,193	13,905
Rent	4,894,881	2,820,155
Repairs and maintenance	680,533	342,349
Share Services Charges	965,041	957,696
Travelling and Covyance	5,836,567	5,176,998
Office Maintenance	2,214,155	1,414,253
Web Server Maintenance	65,054	207,960
Total	19,169,394	17,266,916

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31- MARCH-2018

27. Earningsper Share (in Rs)

Particulars	31-Mar-2018	31-Mar-2017
Numerator for EPS		
Net Profit after tax (A)	10,48,24,832/-	9,04,40,883/-
Weighted Average no. of Shares considered for Denominator for Basic EPS (B)*	1,49,85,417	1,42,50,000
Basic and diluted Earnings Per Share (A)/(B)	6.99	6.35

28. Related Party Disclosures

i) Related parties where control exists

Company	Type of Relation
VSL Data SYSTEMS PRIVATE LIMITED	wholly OWNED SUBSIDIARY
Vagdevi Sark Edutech Private Limited	wholly OWNED SUBSIDIARY
Vedavaag Common Service Centers Private Limited	wholly OWNED SUBSIDIARY

ii) Key Management personnel

- a) J. Muralai Krishna - MD
- b) D. Himabindhu- Company Secretary

iii) Related party transactions during the year

Nature of transactions	Name of Entity	31-March 2018	31-March 2017
Loan to Subsidiaries	VSL Data SYSTEMS PRIVATE LIMITED	Rs. 78,40,000	Rs. 10,86,55,061
	VagdeviSarkEdutech Private Limited	Rs.94,22,215	0
	Vedavaag common Service Centers Private Limited	Rs.1,84,25,000	0

iv) Remuneration of key managerial personnel:

Particulars of Remuneration	For the year ended	
	31-March 2018	31-March 2017
Salaries & Other Benefits	Rs.42.36 lakhs	Rs.23.38 lakhs

* The above post-employment benefits excludes gratuity and compensated absences which cannot be separately identified from the composite amount advised by the actuary.

v) Outstanding Balances

		31-March -2018	31-March -2017
		Rs.	Rs.
Equity Investment in Subsidiaries	VSL DATA SYSTEMS PRIVATE LIMITED	3,00,00,000	3,00,00,000
Preference Shares Investment in Subsidiaries	Vagdevi Sark Edutech Private Limited	1,00,000	1,00,000
Loan to subsidiaries	Vedavaag common Service Centers Private Limited	1,00,000	1,00,000
	VSL Data Systems Private Limited	4,00,00,000	0
	VSL Data Systems Private Limited	11,64,95,061	10,86,55,061
	Vagdevi Sark Edutech Private Limited	94,22,215	0
	Vedavaag Common Service Centers Private Limited	1,84,25,000	0

29. Contingent liabilities

Certain Claims and Counter Claims regarding one of the Suppliers is sub judice and management is confident that there will not be any liability on company. Hence no provision has been made.

Interest and Penalty on delay in filing of statutory returns is not provided for.

30. Corporate social responsibility

In accordance with section 135(5) of the Companies Act, 2013, The CSR expenditure to be spent is Rs.17.15 lakhs and the same shall be spent during the F.Y.2018-19.

31. Transition to Ind AS

Financial statements for the year ended March 31, 2018 have been prepared in accordance with Ind-AS. For period up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with Statutory reporting requirements in India immediately before adopting Ind AS ('previous GAAP').

Accordingly, the Company has prepared financial statements which comply with Ind-AS applicable for year ending on March 31, 2018, together with the comparative period data as at and for the year ended March 31, 2017. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2016, the Company's date of transition to Ind-AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 1, 2016 and the financial statements as at and for the year ended March 31, 2017.

In the reconciliations mentioned above, certain reclassifications are made to Indian GAAP financial information to align with the Ind AS presentation.

a) Equity Reconciliation

	31-Mar-17			1-Apr-16		
	Amount as per previous GAAP	Effect to transition to IND As	IND As	Amount as per previous GAAP	Effect to transition to IND As	IND As
ASSETS						
Non-current assets						
Property, plant and equipment	14,96,48,643		14,96,48,643	12,43,98,679		12,43,98,679
Other intangible assets	75,50,100		75,50,100	69,97,012		69,97,012
Financial assets						
Investments	3,02,00,000		3,02,00,000	2,00,000		2,00,000
Other non-current assets	60,32,820		60,32,820	2,80,86,229		2,80,86,229
Current assets						
Inventories	16,12,49,000		16,12,49,000	13,78,45,251		13,78,45,251
Trade receivables	21,39,04,506	-19,18,662	21,58,23,168	22,40,99,468		22,40,99,468
Cash and cash equivalents	7,35,68,491		7,35,68,491	4,80,88,203		4,80,88,203
Bank Balances Other than above	71,56,415		71,56,415	86,53,565		86,53,565
Loans						
Other financial assets						
Current Tax Assets (Net)	2,66,21,631	2,66,21,631	0	2,88,31,806	24261138	45,70,668
Other current assets	25,86,96,012		25,86,96,012	16,55,30,978	8088349	15,74,42,629
TOTAL ASSETS	93,46,27,618	24,70,02,969	90,99,24,649	77,27,31,190		74,03,81,703
EQUITY AND LIABILITIES						
Equity						
Equity share capital	14,25,00,000		14,25,00,000	14,13,00,000		14,13,00,000
Other equity	41,78,26,820	-1,54,35,867	43,32,62,687	24,55,61,804		24,55,61,804
Liabilities						
Borrowings	4,86,688		4,86,688			
Deferred Tax Liabilities	1,48,76,341		1,48,76,341	1,91,27,769		1,91,27,769
Other non-current liabilities	1,43,46,595		1,43,46,595	71,19,218		71,19,218
Current liabilities						
Trade payables	22,96,54,879	-19,18,662	23,15,73,541	24,10,31,054		24,10,31,054
Other current liabilities	7,73,55,644	1,54,35,868	6,19,19,776	8,62,41,858		8,62,41,858
Current tax liabilities (Net)	3,75,80,651	2,66,21,630	1,09,59,021	3,23,49,487	3,23,49,487	0
TOTAL EQUITY AND LIABILITIES	93,46,27,418	2,47,02,969	90,99,24,649	77,27,31,190		74,03,81,703

b) Profit Reconciliation

Particulars	Year ended 31-March-2017			
	As per Indian GAAP	Effect of IND AS transition	Reclassification	Ind AS
Income				
Revenue from operations	92,94,51,982	0		92,94,51,982
Other Income	1,15,16,970	0		1,15,16,970
Total Revenue	94,09,68,952			94,09,68,952
Expenses:				
Project Expenses	21,56,91,099	0		21,56,91,099
Cost of materials consumed	52,48,10,501	0		52,48,10,501
Employee benefit expense	3,44,13,547	0		3,44,13,547
Financial costs	1,26,684	0		1,26,684
Depreciation and amortization expense	2,48,90,100	0		2,48,90,100
Other expenses	1,72,66,916	0		1,72,66,916
Total Expenses	81,71,98,847			81,71,98,847
Profit / Loss before taxes	12,37,70,105	0		12,37,70,105
Tax expense:				
Current tax	3,75,80,650	0		3,75,80,650
Deferred tax	-42,51,428	0		-42,51,428
Taxes Prior Period				
Profit / Loss for the period	9,04,40,883	0		9,04,40,883

C) Notes of IND AS

Under Indian GAAP, the long-term security deposits are recognized at the transaction value. Under Ind AS, the long term security deposits (financial assets) are recognized at the fair value under amortized cost method. The difference between the fair value and the transaction value is considered as prepaid rent and amortized over the period of lease.

- 32.** Previous year's figures have been regrouped where necessary to conform to current year's classification.

INDEPENDENT AUDITORS' REPORT

To The Members of
Vedavaag Systems Limited

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Vedavaag Systems Limited (hereinafter referred to as 'the Company') and its subsidiaries (the Company and its subsidiaries together referred to as 'the Group'), comprising the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as 'the Act') that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the Indian Accounting Standards (Ind - AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. In conducting 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Other Matters

We did not audit the financial statements / financial information of 3 subsidiaries, whose financial statements / financial information reflect total assets of Rs.9,81,70,786 as at 31st March, 2018, total revenues of Rs.17,17,70,000 and net cash flows (Decrease) amounting to Rs.24,00,693 for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports. of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 Ind AS and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2018, and its consolidated profit, consolidated total comprehensive income, consolidated statement of changes in equity and its consolidated cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit, 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 purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
- (e) On the basis of the written representations received from the Directors of the Company as on March 31, 2018 taken on record by the Board of Directors of the Company and its subsidiaries incorporated in India and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2018 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 and the operating effectiveness of such controls, refer to our separate report in 'Annexure A' which is based on the auditor's reports of the Company and its subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of those companies, for the reasons stated therein.
- (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 Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.
 - Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts.
 - There has not been any occasion in case of the Company and its subsidiary companies incorporated in India during the year under report to transfer any sums to the Investor Education and Protection Fund, and as such, the question of delay in transferring such sums does not arise.

Date : 30-05-2018
Place : Hyderabad

For **SASTRI & SHAH**
Chartered Accountants
(Firm's Registration No.003642S)
Sd./-

C. Pavan Kumar
Managing Partner
M.No.205896

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **Vedavaag Systems Limited** of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of Vedavaag Systems Limited (hereinafter referred to as 'the Company') and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective companies 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 ('the 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 the respective 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company and its subsidiary companies, which are companies incorporated in India, 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') issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 judgment, 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 internal financial controls system over financial reporting of the Company and its subsidiary companies, which are companies incorporated in India.

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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 7 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 and to the best of our information and according to the explanations given to us, the Company and its subsidiary companies, which are companies incorporated in India, have, 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 March 31, 2018, based on the internal control over financial reporting criteria established by the respective companies 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.

Date : 30-05-2018

Place : Hyderabad

For **SASTRI & SHAH**

Chartered Accountants

(Firm's Registration No.003642S)

Sd./-

C. Pavan Kumar

Managing Partner

M.No.205896

**VEDAVAAG SYSTEMS LIMITED****103, West Block, Siri Sai Orchid, Madhapur, Hitec City, Hyderabad - 500 081****CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2018**

Particulars	Note	AS AT 31.03.2018 Rs.	AS AT 31.03.2017 Rs.	AS AT 31.03.2016 Rs.
(1) Non-Current Assets				
(a) Property Plant & Equipment	1	205,766,009	149,648,643	124,398,679
(b) Other Intangible Assets	2	117,895,518	111,497,987	6,997,012
(c) Financial Assets				
i. Investments		-		
ii. Trade Receivables				
iii. Other Financial Assets				
(d) Other Non Current Assets	3	6,043,150	6,232,820	28,286,229
Total Non Current Assets		329,704,677	267,379,450	159,681,920
2 Current Assets				
(a) Inventories	4	11,832,495	161,249,000	137,845,251
(b) Financial Assets				
i. Investments				
ii. Trade Receivables	5	566,013,008	292,638,168	224,099,468
iii. Cash and Cash Equivalents	6	16,913,163	76,509,767	48,088,203
iv. Bank Balances Other than iii above	7	6,261,166	7,156,415	8,653,565
(c) Current Tax Assets (Net)	8		-	4,570,668
(d) Other Current Assets	9	250,049,811	153,637,218	157,442,629
Total Current Assets		851,069,643	691,190,568	580,699,783
Total Assets		1,180,774,320	958,570,018	740,381,703
II EQUITY AND LIABILITIES				
(1) Equity				
(a) Equity Share Capital	10	159,350,000	142,500,000	141,300,000
(b) Other Equity	11	620,767,882	439,243,605	245,561,804
Total Equity		780,117,882	581,743,605	386,861,804



Particulars	Note	AS AT 31.03.2018 Rs.	AS AT 31.03.2017 Rs.	AS AT 31.03.2016 Rs.
(2) Liabilities				
Non-Current Liabilities				
(a) Financial Liabilities				
i Borrowings	12	4,796,710	486,688	-
ii. Trade Payables				
iii Other Financial Liabilities				
(b) Deferred Tax Liabilities (Net)	13	39,266,375	22,883,710	19,127,769
(c) Other Non Current Liabilities	14	26,299,156	14,346,595	7,119,218
Total Non Current Liabilities		70,362,241	37,716,993	26,246,987
3 Current Liabilities				
(a) Financial Liabilities				
i Borrowings	15	44,423,712	-	-
ii Trade Payables	16	169,331,101	231,573,541	241,031,054
iii Other Financial Liabilities				
(b) Other Current Liabilities	17	98,189,714	92,979,991	86,241,858
(c) Current Tax Liabilities	18	18,349,670	14,555,888	-
Total Current Liabilities		330,294,197	339,109,420	327,272,912
Total Liabilities (2+3)		400,656,438	376,826,413	353,519,899
Total Equity and Liabilities		1,180,774,320	958,570,018	740,381,703

The accompanying notes 1 to 30 are an integral part of the financial statements.

For **SASTRI & SHAH**

Chartered Accountants

(Firm's Registration No.003642S)

Sd./-

C. Pavan Kumar

Managing Partner

M.No.205896

For and on behalf of the Board of Directors

Sd/

J. S. R. Durga Prasad

Chairman

Sd/

J. Murali Krishna

Managing Director

Date : 30-05-2018

Place : Hyderabad

**VEDAVAAG SYSTEMS LIMITED****103, West Block, Siri Sai Orchid, Madhapur, Hitec City, Hyderabad - 500 081****CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018**

Particulars	Note No.	for the year ended 31.03.2018 Rs.	for the year ended 31.03.2017 Rs.
1 INCOME			
a) Revenue from Operations	19	917,017,108	1,004,751,982
b) Other Income	20	4,012,179	11,517,490
Total Income		921,029,286	1,016,269,472
2 EXPENSES			
a) Project Expenses	21	401,991,394	265,792,170
b) Cost of Material	22	212,542,218	524,810,501
c) Employee Benefits Expense	23	30,715,610	34,413,547
d) Finance Cost	24	452,163	126,684
e) Depreciation and Amortisation Expense	1	40,556,038	32,419,458
f) Other Expenses	25	19,198,144	17,295,666
Total Expenses		705,455,568	874,858,026
3 Profit Before Exceptional Item and Tax (1-2)		215,573,718	141,411,446
4 Exceptional Item			
5 Profit Before Tax		215,573,718	141,411,446
Tax Expenses			
Current Tax		49,316,603	40,942,207
Deferred Tax		16,382,665	-2,161,811
6 Profit After Tax		149,874,450	102,631,050
7 Other Comprehensive Income			
a) (i) Items that will not be reclassified to profit or loss	-	-	-
(ii) Income Tax relating to items that will not be reclassified to profit or loss		-	-
b) (i) Items that will be reclassified to profit or loss		-	-
(ii) Income Tax relating to items that will be reclassified to profit or loss		-	-
Total other comprehensive Income		149,874,450	102,631,050
8 Total Comprehensive Income			
9 Earnings per Share			
a) Basic		10.001	7.202
b) Diluted			

The accompanying notes 1 to 30 are an integral part of the financial statements

For **SASTRI & SHAH**

Chartered Accountants

(Firm's Registration No.003642S)

Sd./-

C. Pavan Kumar

Managing Partner

M.No.205896

For and on behalf of the Board of Directors

Sd/

J. S. R. Durga Prasad

Chairman

Sd/

J. Murali Krishna

Managing Director

Date : 30-05-2018

Place : Hyderabad

Consolidated Financial Statement of Changes in Equity.

Particulars	AS AT 31.03.2018 Rs.	AS AT 31.03.2017 Rs.	AS AT 31.03.2016 Rs.
A. Equity Share Capital			
Balance at the beginning	142,500,000	141,300,000	141,300,000
Add : Changes in Equity share capital during the year	16,850,000	1,200,000	-
Closing Balances	159,350,000	142,500,000	141,300,000

Particulars	AS AT 31.03.2018 Rs.	AS AT 31.03.2017 Rs.	AS AT 31.03.2016 Rs.
B. Other Equity			
Other Reserves			
Capital Reserve	10,667,080	10,667,080	10,667,080
Securities Premium	111,865,000	63,000,000	63,000,000
Equity share warrant money	81,071,250	97,500,000	240,000
Surplus			
Opening Balances	268,076,525	171,654,724	117,876,076
Add : Prior period Adjustments	14,739,444		
Add : Profit during the Year	149,874,450	96,421,801	53,778,648
Less : Dividend for Financial Year 2016-17	15,525,867	-	-
Closing Balances	417,164,552	268,076,525	171,654,724
TOTAL	620,767,882	439,243,605	245,561,804

VEDAVAAG SYSTEMS LIMITED

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

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

	Particulars	for the year ended 31.03.2018 Rs.	for the year ended 31.03.2017 Rs.
A	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit Before Tax	215,573,718	141,411,446
	Adjustments for:		
	Depreciation	40,556,038	32,419,458
	rior Period Adjustment	14,739,444	-
	Dividend for F.Y.2016-17	-15,525,867	-
	Interest & Finance Charges	452,163	126,684
	Interest Income	-277,026	-619,612
	Operating Profit before Working Capital Changes	255,518,470	173,337,976
	Adjustments for:		
	Increase/(Decrease) in Inventories	149,416,505	-23,403,749
	Increase/(Decrease) in Trade Recivables	-273,374,840	-68,538,700
	Increase/(Decrease) in Other Non-Current Assets	389,670	22,053,409
	Increase/(Decrease) in Other Current Assets	-96,412,593	3,805,411
	Increase/(Decrease) in Trade Payables	-62,242,441	-9,457,513
	Increase/(Decrease) in Other Current Liabilities & Provisions	5,996,146	6,738,133
	Increase/(Decrease) in Non Current Liabilities	11,952,561	7,227,377
	Cash generated from operations	-8,756,522	111,762,344
	Income Tax paid	46,309,243	22,107,149
	Net Cash flow from Operating activities	-55,065,765	89,655,195



	Particulars	for the year ended 31.03.2018 Rs.	for the year ended 31.03.2017 Rs.
B	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of Fixed assets and Capital Work In progress	-103,070,935	-162,170,397
	Purchase of Investments	200,000	
	Interest Received	277,026	619,612
	Net Cash used in Investing activities	-102,993,909	-161,550,785
C	CASH FLOW FROM FINANCING ACTIVITIES		
	Increase in Share capital	16,850,000	1,200,000
	Increase in Securities Premium	48,865,000	97,260,000
	(Decrease)/Increase in Equity Share Warrents	-16,428,750	
	Interest Charges	-452,163	-126,684
	Long term Borrowings	48,733,734	486,688
	Net Cash used in financing activities	97,567,821	98,820,004
	Net increase in cash & Cash Equivalents	-60,491,853	26,924,414
	Cash and Cash Equivalent at the beginning of the period	83,666,182	56,741,768
	Cash and Cash Equivalent at the end of the period	23,174,329	83,666,182

For **SASTRI & SHAH**

Chartered Accountants

(Firm's Registration No.003642S)

Sd./-

C. Pavan Kumar

Managing Partner

M.No.205896

For and on behalf of the Board of Directors

Sd/

J. S. R. Durga Prasad

Chairman

Sd/

J. Murali Krishna

Managing Director

Date : 30-05-2018

Place : Hyderabad

Notes Forming Part of the Consolidated Financial Statements

1. Company Information:

Vedavaag Systems Limited("the Company") is a Public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on BSE stock exchange in India.

The registered office of the company is located at 1-90-8/13, B Block, 103, Siri Sai Orchid, Hi-Tech City, Madhapur, and Hyderabad-500081 Telangana. The Company is principally engaged in IT Sales and Services like E - Governance & Citizen Services, Banking, Finance and Insurance Services.

The financial Statements for the year ended 31st March 2018 were approved by the Board of Directors and authorised for issue on 30th May, 2018.

2. **SIGNIFICANT ACCOUNTING POLICIES:**

a. **Statement of Compliance:**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind-AS) specified under Section 133 of companies Act, 2013, read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, with effect from 1st April 2017. Previous periods have been restated to Ind-AS.

These are the Company's first financial statements prepared in accordance with Ind AS and Ind AS 101: **First time adoption of Indian Accounting Standards** has been applied.

b. **Basis of Preparation:**

The financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date.

c. **Functional and Presentation Currency:**

These financial statements are presented in Indian Rupees (INR), which is the Company's functional currency.

d. Use of Estimates and Judgement:

The preparation of the financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, disclosures of contingent liabilities and contingent assets at the date of the financial statements and reported amounts of income and expenses during the period. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

e. Current and Non-Current classification:

The Company presents assets and liabilities in the balance sheet on current / non-current classification.

An asset is current when it is:

- ◆ Expected to be realised or intended to be sold or consumed in normal operating cycle;
- ◆ Held primarily for the purpose of trading;
- ◆ Expected to be realized within twelve months after the reporting period in 31-3-2018.
- ◆ Cash or Cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All the other assets are classified as non-current.

A liability is current when:

- ◆ It is expected to be settled in normal operating cycle;
- ◆ It is held primarily for the purpose of trading
- ◆ It is due to be settled within twelve months after the reporting period; or
- ◆ There is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All the other liabilities are classified as non-current.

Deferred tax assets/liabilities are classified as non-current.

f. Property, Plant and Equipment:**Recognition and measurement**

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if:

- (a) It is probable that future economic benefits associated with the item will flow to the entity; and
- (b) The cost of the item can be measured reliably.

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure directly attributable to the acquisition of the asset. General and specific borrowing costs directly attributable to the construction of a qualifying asset are capitalized as part of the cost.

Depreciation:

The Company depreciates property, plant and equipment over the estimated useful life on a straight-line basis from the date the assets are available for use.

The estimated useful life of assets are reviewed and where appropriate are adjusted, annually.

Subsequent Cost:

Subsequent expenditure relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably.

g. Intangible Assets:

An intangible asset shall be recognised if, and only if:

- (a) It is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- (b) The cost of the asset can be measured reliably.

An intangible asset shall be carried at its cost less any accumulated amortisation. Intangible assets are amortized on straight line basis.

h. Investments:

Long term and unquoted current investments are stated at cost and quoted current investments at lower of cost or market value. Provision for diminution in value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.

i. Inventory :

Inventories shall be measured at the lower of cost and net realisable value
Cost of Inventory is determined using the FIFO.

j. Revenue Recognition:

The company primarily derives Revenue from rendering IT and IT enabled services, System Integration/IOT Projects.

- i) Revenue from time and material engagements is recognized on time proportion basis as and when the services are rendered in accordance with the terms of the contracts with customers.
- ii) In case of fixed price contracts, revenue is recognized based on the milestones achieved as specified in the contracts, on proportionate completion basis.
- iii) Revenue from maintenance contracts and subscription is recognized on a pro-rata basis over the period of the contract.
- iv) Unbilled revenue represents revenue recognized in relation to work done on time and material projects and fixed price projects until the balance sheet date for which billing has not taken place.
- v) Interest income is recognized on a time proportion basis taking into account the carrying amount and the effective interest rate. Interest income is included under the head 'Other income' in the statement of profit and loss.

k. Income Tax:

Income tax comprises current and deferred tax. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to a business combination, or items directly recognized in equity or in other comprehensive income.

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amounts are those that are enacted or substantively enacted as at the reporting date and applicable for the period. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and liability simultaneously.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority. Deferred tax is recognized in profit or loss except to the extent that it relates to items recognized directly in Other Comprehensive Income or equity, in which case it is recognized in Other Comprehensive Income or equity.

I. Employee Benefits:

Gratuity:

In accordance with the Payment of Gratuity Act, 1972, applicable for Indian companies, the Company provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Company. The gratuity fund is managed by third party funds. The Company's obligation in respect of the gratuity plan, which is a defined benefit plan, is provided for based on actuarial valuation using the projected unit credit method. The Company recognizes actuarial/Remeasurement gains and losses in other comprehensive income, net of taxes.

Provident Fund:

The Company make contribution to the statutory provident fund in accordance with the Employees' Provident Funds and Miscellaneous Provision Act, 1952 which is a defined contribution plan and contribution paid or payable is recognized as an expense in the period in which the services are rendered.

Leave Encashment:

The Company measures the expected cost of compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The Company recognizes accumulated compensated absences based on actuarial valuation using the projected unit credit method. Non-accumulating compensated absences are recognized in the period in which the absences occur.

m. Impairment of Non-financial Assets:

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment

considering the provisions of Ind AS 36 'Impairment of Assets'. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

n. Earnings per Share:

Basic earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Group by the weighted average number of equity shares outstanding during the financial year.

Diluted earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Group by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

Basic and diluted earnings per equity share are also computed using the earnings amounts excluding the movements in regulatory deferral account balances.

o. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

p. Critical accounting judgements and key source of estimation uncertainty:

The preparation of financial statements requires management to make judgments, estimates and assumptions that may impact the application of

accounting policies and the reported value of assets, liabilities, income, expenses and related disclosures concerning the items involved as well as contingent assets and liabilities at the balance sheet date. The estimates and management's judgments are based on previous experience and other factors considered reasonable and prudent in the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In order to enhance understanding of the financial statements, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is as under:

1. Useful life of property, plant and equipment:

The estimated useful life of property, plant and equipment is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

Useful life of the assets of the group is as per the schedule II of the Companies Act, 2013. The Group reviews at the end of each reporting date the useful life of property, plant and equipment.

2. Recoverable amount of property, plant and equipment:

The recoverable amount of plant and equipment is based on estimates and assumptions regarding in particular the expected market outlook and future cash flows associated with the power plants. Any changes in these assumptions may have a material impact on the measurement of the recoverable amount and could result in impairment.

3. Post-employment benefit plans:

Employee benefit obligations are measured on the basis of actuarial assumptions which include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, the rate of salary increases and the inflation rate. The Group considers that the assumptions used to measure its obligations are appropriate and documented. However, any changes in these assumptions may have material impact on the resulting calculations.

4. Assets held for sale

Significant judgment is required to apply the accounting of non-current assets held for sale under Ind AS 105 “Non-Current Assets held for sale and discontinued Operations”. In assessing the applicability, management has exercised judgment to evaluate the availability of the asset for immediate sale, management’s commitment for the sale and probability of sale within one year to conclude if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

5. Provisions and contingencies:

Management judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy.

6. Impairment of Investments:

Investments in Subsidiaries are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in the economic environment.

Impairment test is performed at entity level. An impairment loss is recognised whenever the carrying amount of Investment exceeds its recoverable amount.

The recoverable amount is the greater of its fair value less costs to sell and value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. The calculation involves use of significant estimates and assumptions which include turnover and gross margin, growth rate and net margin used to calculate projected future cash flows, discount rate and long term growth rate.

q. Recent accounting pronouncements:

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration on March 28, 2018, the Ministry of Corporate Affairs(‘the MCA’) notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance

consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

Ind AS 115, Revenue from Contract with Customers: On March 28, 2018, the MCA notified the Ind AS 115. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- ◆ Retrospective approach – Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting policies, Changes in Accounting Estimates and Errors.
- ◆ Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch – up approach)

The effective date for adoption of Ind AS 115 is financial period beginning on or after April 1, 2018.

The company will adopt the standard on April 1, 2018 by using the cumulative catch up transition method and accordingly, comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insufficient.

r. Financial Instruments:

As per Ind AS 109, Financial Instruments, all financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Financial assets are subsequently measured at amortized cost, fair value through profit or loss or fair value through other comprehensive income as the case may be.

On account of adoption of Ind AS 109, the group uses Expected Credit Loss(ECL) model to assess the impairment loss or gain. The group uses a

provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors, credit ratings and the Group's historical experience for customers. The adoption of ECL model did not have a material impact on the financial statements.

Fair value of financial instrument:

In determining the fair value of financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value and such value may never actually be realized.

For financial assets and liabilities maturing within one year from the Balance Sheet date and which are not carried at fair value, the carrying amounts approximate fair value due to the short maturity of these instruments.

NOTES TO CONSOLIDATED BALANCE SHEET

Note 1 : Property Plant & Equipment

Particulars	Computer Hardware Rs.	Furniture & Fixtures Rs.	Vehicles Rs.	Office Equipment Rs.	Others Rs.	Total Rs.
Gross Block						
Balance as at 01.04.2016	545,730,664	9,313,788	2,070,462	2,424,748	7,501,468	567,041,130
Additions	47,980,962	553,452	938,103		727,220	50,199,737
Deletions			133,107			133,107
Balance as at 31.03.2017	593,711,626	9,867,240	2,875,458	2,424,748	8,228,688	617,107,760
Additions	71,398,904	482,925	7,364,127	261,204	2,574,063	82,081,223
Deletions	218,345,994					
Balance as at 31.03.2018	446,764,536	10,350,165	10,239,585	2,685,952	10,802,751	699,188,983
Accumulated Depreciation						
Balance as at 01.04.2016	424,127,135	8,925,692	1,680,018	673,721	7,235,885	442,642,451
Charge for the year	24,736,478	22,644	40,595		16,949	24,816,666
Disposals						
Balance as at 31.03.2017	448,863,613	8,948,336	1,720,613	673,721	7,252,834	467,459,117
Charge for the year	25,009,248	80,690	630,357	113,327	130,235	25,963,857
Deletion	218,345,994					
Balance as at 31.03.2018	255,526,867	9,029,026	2,350,970	787,048	7,383,069	493,422,974
Net Block						
Balance as at 01.04.2016	121,603,529	388,096	390,444	1,751,027	265,583	124,398,679
Balance as at 31.03.2017	144,848,013	918,904	1,154,845	1,751,027	975,854	149,648,643
Balance as at 31.03.2018	191,237,669	1,321,139	7,888,615	1,898,904	3,419,681	205,766,009

1.1 Additions to the Fixed Assets includes Rs.6.89cr transferred from Inventory.

1.2. During the year, Rs.21.83cr of Gross Block and Equivalent amount of Accumulated Depreciation of Computer Hardware has been deleted as the Assets have been fully depreciated and have no realisable value.

Note 2 : Other Intangible Assets

Particulars	Computer Software Rs.	Project Development WIP Rs.	Total Rs.
Gross Block			
Balance as at 01.04.2016	47,044,146		47,044,146
Additions	112,103,767		112,103,767
Deletions			-
Balance as at 31.03.2017	159,147,913		159,147,913
Additions	276,712	20,713,000	20,989,712
Deletions	21,575,000		21,575,000
Balance as at 31.03.2018	137,849,625	20,713,000	158,562,625
Amortization			
Balance as at 01.04.2016	40,047,134	-	40,047,134
Charge for the year	7,602,792	-	7,602,792
Disposals	-	-	-
Balance as at 31.03.2017	47,649,926	-	47,649,926
Charge for the year	14,592,181		14,592,181
Disposals	21,575,000		21,575,000
Balance as at 31.03.2018	40,667,107	-	40,667,107
Net Block			
Balance as at 01.04.2016	6,997,012	-	6,997,012
Balance as at 31.03.2017	111,497,987	-	111,497,987
Balance as at 31.03.2018	97,182,518	20,713,000	117,895,518

- 2.1. During the year, Rs.2.16cr of Gross Block and Equivalent amount of Accumulated Depreciation of Computer Software has been deleted as the Assets have been fully amortized and have no realisable value.

Note : 3 Other Non Current Assets

Particulars	AS AT 31.03.2018 Rs.	AS AT 31.03.2017 Rs.	AS AT 31.03.2016 Rs.
Capital Advances	-	-	22,559,241
Deposits * (Unsecured Considered good)	6,043,150	6,232,820	5,726,988
Total	6,043,150	6,232,820	28,286,229

* Deposit includes Rental deposits and Security Deposit with BSEDC Limited.

Note : 4 Inventory

Particulars	AS AT 31.03.2018 Rs.	AS AT 31.03.2017 Rs.	AS AT 31.03.2016 Rs.
Inventories and Project WIP (valued at FIFO)	11,832,495	161,249,000	137,845,251
Total	11,832,495	161,249,000	137,845,251

Note : 5 Trade Receivables

Particulars	AS AT 31.03.2018 Rs.	AS AT 31.03.2017 Rs.	AS AT 31.03.2016 Rs.
Secured, Considered Good (Receivable from Govt.Parties and Others)	-	-	-
UnSecured, Considered Good (Receivable from Govt.Parties and Others)	566,013,008	292,638,168	224,099,468
Total	566,013,008	292,638,168	224,099,468

Note : 6 Cash and Cash Equivalents

Particulars	AS AT 31.03.2018 Rs.	AS AT 31.03.2017 Rs.	AS AT 31.03.2016 Rs.
Balance with Bank	14,186,848	73,532,620	45,264,777
Cash on Hand	2,726,315	2,977,147	2,823,426
Total	16,913,163	76,509,767	48,088,203

Note : 7 Bank Balances Other than above

Particulars	AS AT 31.03.2018 Rs.	AS AT 31.03.2017 Rs.	AS AT 31.03.2016 Rs.
Balance with Bank (Margin Money Deposits)	6,261,166	7,156,415	8,653,565
Total	6,261,166	7,156,415	8,653,565

Note : 8 Current Tax Asset

Particulars	AS AT 31.03.2018 Rs.	AS AT 31.03.2017 Rs.	AS AT 31.03.2016 Rs.
Provision for the year	-	-	24,261,138
Less:TDS	-	-	28,831,806
Total	-	-	4,570,668

Note : 9 Other Current Assets

Particulars	AS AT 31.03.2018 Rs.	AS AT 31.03.2017 Rs.	AS AT 31.03.2016 Rs.
Security Deposits	1,474,346	115,846	10,200,000
Projects in Progress	120,757,923	74,196,839	61,156,495
Other Advances	122,284,318	79,324,533	86,086,134
MAT Credit	5,533,225	-	-
Total	250,049,811	153,637,218	157,442,629

Consolidated Notes to Equity Note No. 10

Equity Share Capital	As at 31.03.2018		As at 31.03.2017		As at 31.03.2016	
	Number	Rs.	Number	Rs.	Number	Rs.
Authorised						
Equity Shares of Rs.10 Each	30,000,000	300,000,000	30,000,000	300,000,000	19,000,000	190,000,000
8% Preference Shares of Rs.10/-each	-	-	-	-	1,000,000	10,000,000
Total		300,000,000		300,000,000		200,000,000
Issued, Subscribed & paid up						
Equity shares of Rs.10 Each	15,935,000	159,350,000	14,250,000	142,500,000	14,130,000	141,300,000
Total		159,350,000		142,500,000		141,300,000

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

Particulars	Number	Rs.	Number	Rs.	Number	Rs.
Shares outstanding at the beginning of the year	14,250,000	142,500,000	14,130,000	141,300,000	13,630,000	136,300,000
Shares issued during the year	1,685,000	16,850,000	120,000	1,200,000	500,000	5,000,000
Shares bought back during the year			-	-	-	-
Shares outstanding at the end of the year	15,935,000	159,350,000	14,250,000	142,500,000	14,130,000	141,300,000

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

The Company has only one class of shares referred to as equity shares having a par value of Rs 10 each

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.

During the year the company has allotted 16,85,000 equity shares on conversion of equity share warrants issued during January 2017 and 83,15,000 equity share warrants are pending for conversion.

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

Name of Share Holder	As at 31st March 2018		As at 31st March 2017		As at 31st March 2016	
	No of Shares Held	% of holding	No of Shares Held	% of holding	No of Shares Held	% of holding
J. MURALI KRISHNA	1,598,712	10.03%	1,598,712	11.22%	1,598,712	11.31%
J. S. R. DURGA PRASAD	1,609,960	10.10%	1,477,707	10.37%	1,357,707	9.34%
In the Period of Five Years immediately preceding March 31st 2018						
i. The company has not bought back any equity shares.						
ii. The company has not allotted any equity shares as fully paid up without payment being received in cash .						

Note : 11

Particulars	AS AT 31.03.2018 Rs.	AS AT 31.03.2017 Rs.	AS AT 31.03.2016 Rs.
Other Equity			
Other Reserves			
Capital Reserve	10,667,080	10,667,080	10,667,080
Securities Premium	111,865,000	63,000,000	63,000,000
Equity share warrant money	81,071,250	97,500,000	240,000
Surplus			
Opening Balances	268,076,525	171,654,724	117,876,076
Add : Prior period Adjustments	14,739,444		
Add : Profit during the Year	149,874,450	96,421,801	53,778,648
Less : Dividend for Financial Year 2016-17	15,525,867	-	-
Closing Balances	417,164,552	268,076,525	171,654,724
TOTAL	620,767,882	439,243,605	245,561,804

Note : 12 Borrowings (Non Current)

Particulars	ASAT 31.03.2018 Rs.	ASAT 31.03.2017 Rs.	ASAT 31.03.2016 Rs.
Vehicle Loan* (Secured by Hypothecation of the Vehicles)	4,796,710	486,688	-
Total	4,796,710	486,688	-

- ★ Vehicle loan from Andhra Bank availed at an interest rate of 9.2% p.a., repayable in 60EMIs and the outstanding balance is Rs.21.61 lakhs. There is no overdue installment.
- ★ Vehicle loan from Diamler Financial Services Pvt. Ltd. availed at an interest rate of 8.37% p.a., repayable in 60 EMIs and the outstanding balance is Rs.37.67 Lakhs. There is no overdue installment.
- ★ Vehicle loan from Axis Bank. availed at an interest rate of 9.15% p.a., repayable in 60 EMIs and the outstanding balance is Rs.4.87 Lakhs. There is no overdue installment.

Note : 13 Deferred Tax Liabilities (Net)

Particulars	ASAT 31.03.2018 Rs.	ASAT 31.03.2017 Rs.	ASAT 31.03.2016 Rs.
Opening Balance	22,883,710	19,127,769	34,049,605
Add or (Less): Charge during the Year * After adjustment for Ind AS	16,382,665	3,755,941	(14,921,836)
Total	39,266,375	22,883,710	19,127,769

* After adjustment to other equity as per Ind As.

Note : 14 Other Non Current Liabilities

Particulars	ASAT 31.03.2018 Rs.	ASAT 31.03.2017 Rs.	ASAT 31.03.2016 Rs.
Deposits *	26,299,156	14,346,595	7,119,218
Total	26,299,156	14,346,595	7,119,218

* Deposits includes Security Deposits received from Franchisees.

Note : 15 Borrowings (Current)

Particulars	ASAT 31.03.2018 Rs.	ASAT 31.03.2017 Rs.	ASAT 31.03.2016 Rs.
Unsecured loans from Directors (Interest Free)	44,423,712	-	-
Total	44,423,712	-	-

Note : 16 Trade Payables

Particulars	ASAT 31.03.2018 Rs.	ASAT 31.03.2017 Rs.	ASAT 31.03.2016 Rs.
Trade Payables*	169,331,101	231,573,541	241,031,054
Total	169,331,101	231,573,541	241,031,054

* There are no dues to any MSME undertakings

Note : 17 Other Current Liabilities

Particulars	AS AT 31.03.2018 Rs.	AS AT 31.03.2017 Rs.	AS AT 31.03.2016 Rs.
Expenses payable	37,086,659	52,008,099	86,241,858
Current maturities of Long Term Debt (Vehicle loans)	1,618,380	271,518	-
Unpaid dividend	639,442	-	-
Taxes and Duties	58,845,233	40,700,374	-
Total	98,189,714	92,979,991	86,241,858

Note : 18 Current Tax Liability

Particulars	AS AT 31.03.2018 Rs.	AS AT 31.03.2017 Rs.	AS AT 31.03.2016 Rs.
Provision for the year	30,805,830	41,177,519	-
Less:TDS	12,456,160	26,621,631	-
Total	18,349,670	14,555,888	-

Note : 19 Revenue From Operations

Particulars	AS AT 31.03.2018 Rs.	AS AT 31.03.2017 Rs.
Sales	298,152,927	606,257,261
Services	618,864,181	398,494,721
Total	917,017,108	1,004,751,982

Note : 20 Other Income

Particulars	AS AT 31.03.2018 Rs.	AS AT 31.03.2017 Rs.
Interest Income	277,026	619,612
Other Non Operating Income	3,735,153	10,897,878
Total	4,012,179	11,517,490

Note : 21 Project Expenses

Particulars	AS AT 31.03.2018 Rs.	AS AT 31.03.2017 Rs.
Project Expenses	401,991,394	265,792,170
Total	401,991,394	265,792,170

Note : 22 Cost of Material

Particulars	AS AT 31.03.2018 Rs.	AS AT 31.03.2017 Rs.
Opening Inventory	161,249,000	137,845,251
Add: Purchases (Net)	63,125,713	548,214,250
Total	224,374,713	686,059,501
Less: Closing Inventory	11,832,495	161,249,000
Total	212,542,218	524,810,501

Note : 23 Employee Benefit Expenses

Particulars	AS AT 31.03.2018 Rs.	AS AT 31.03.2017 Rs.
Salaries and Wages	30,715,610	34,413,547
Total	30,715,610	34,413,547

Note : 24 Finance Cost

Particulars	AS AT 31.03.2018 Rs.	AS AT 31.03.2017 Rs.
Interest -Others	12,712	-
Interest on Vehicle Loan	439,451	126,684
Total	452,163	126,684

Note : 25 Others Expenses

Particulars	AS AT 31.03.2018 Rs.	AS AT 31.03.2017 Rs.
Audit Fee	228,750	203,750
Business Development and Marketing	998,100	1,152,194
Bank charges	132,438	243,246
Consultancy& Legal	1,699,821	2,614,200
Telephone & Internet	205,909	1,177,058
Miscellaneous	705,325	225,645
Meeting Expenses	178,068	274,068
Printing and Stationery	337,310	472,189
Insurance	56,193	13,905
Rent	4,894,881	2,820,155
Repairs and maintenance	680,533	342,349
Share Services Charges	965,041	957,696
Travelling and Covyance	5,836,567	5,176,998
Office Maintenance	2,214,155	1,414,253
Web Server Maintenance	65,054	207,960
Total	19,198,144	17,295,666

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31- MARCH-2018

26. Earnings per Share (in Rs)

Particulars	31-Mar-2018	31-Mar-2017
Numerator for EPS		
Net Profit after tax (A)	149874450/-	102631050/-
Weighted Average no. of Shares considered for Denominator for Basic EPS (B)*	1,49,85,417	1,42,50,000
Basic and diluted Earnings Per Share (A)/(B)	10.001	7.202

27. Related Party Disclosures

i) Related parties where control exists

Company	Type of Relation
VSL Data SYSTEMS PRIVATE LIMITED	wholly OWNED SUBSIDIARY
VagdeviSarkEdutech Private Limited	wholly OWNED SUBSIDIARY
Vedavaag common Service Centers Private Limited	wholly OWNED SUBSIDIARY

ii) Key Management personnel

- a) J.Muralai Krishna - MD
- b) D.Himabindhu - Company Secretary

iii) Related party transactions during the year

Nature of	Name of Entity	31-March -2018	31-March -2017
Loan to Subsidiaries	VSL Data SYSTEMS PRIVATE LIMITED	Rs. 78,40,000	Rs. 10,86,55,061
	Vagdevi Sark Edutech Private Limited	Rs. 94,22,215	0
	Vedavaag Common Service Centers Private Limited	Rs.1,84,25,0000	

iv) Remuneration of key managerial personnel:

Particulars of Remuneration	For the year ended	
	31-March -2018	31-March -2017
Short Term employee benefits	Rs.42.36 lakhs	Rs.23.38 lakhs

* The above post-employment benefits excludes gratuity and compensated absences which cannot be separately identified from the composite amount advised by the actuary.

v) Outstanding Balances

		31-March-2018 Rs.	31-March-2017 Rs.
Equity Investment in Subsidiaries	VSL DATA SYSTEMS PRIVATE LIMITED	3,00,00,000	3,00,00,000
	VagdeviSarkEdutech Private Limited	1,00,000	1,00,000
	Vedavaag common Service Centers Private Limited	1,00,000	1,00,000
Preference Shares Investment in Subsidiaries	VSL DATA SYSTEMS PRIVATE LIMITED	4,00,00,000	0
Loan to subsidiaries -	VSL DATA SYSTEMS PRIVATE LIMITED	11,64,95,061	10,86,55,061
	Vagdevi Sark Edutech Private Limited	94,22,215	0
	Vedavaag Common Service Centers Private Limited	1,84,25,000	0

28. Contingent liabilities

Certain Claims and Counter Claims regarding one of the Suppliers is sub judice and management is confident that there will not be any liability on company. Hence no provision has been made.

Interest and Penalty on delay in filing of statutory returns is not provided for.

29. Corporate social responsibility

In accordance with section 135(5) of the Companies Act, 2013, The CSR expenditure to be spent is Rs.17.15 lakhs and the same shall be spent during the F.Y.2018-19.

30. Previous year's figures have been regrouped where necessary to conform to current year's classification.



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 - 500081,**

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 **20th**

Annual General Meeting of members of the Company, to be held on Saturday, 29th

September, 2018 at 10.30 A.M. at Royal Garden Function Hall, Motinagar, Hyderabad and

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

Resolution No.

- 1) To receive, consider, approve and adopt the audited financial statements of the Company (standalone and consolidated) for the year ended March 31, 2018 including balance sheet as at March 31, 2018.



- 2) To declare final dividend of Rs. 1 per equity share of Rs. 10 each to the shareholders for the financial year 2017-2018.
- 3) To appoint Auditors and to fix their remuneration.
- 4) To appoint a director in place of Mrs. J. Sujatha (DIN 07014640) who retires by rotation and being eligible offers herself for re-appointment.

SPECIAL BUSINESS :

- 5) To re-appoint Dr. G. T. Murthy as an Independent Director and in this regard to pass with or without modification the following resolution as a special resolution

Signed this _____ day of _____ 2018

Signature of Shareholder

Signature of Proxy holder(s)

Affix
Revenue
Stamp

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

20th Annual General Meeting, 29th September 2018, at 10.30 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 (20th Meeting) Annual General Meeting of the Company on **Saturday, 29th September, 2018 at 10.30 A.M. at Royal Garden Function Hall, Motinagar, Hyderabad.**

Member's/Proxy's name in Block Letters

Member's/Proxy's Signature

Note: No Additional / Duplicate Attendance Slip will be issued at the Meeting Hall.



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Tel : 040-40188140, Fax : 040-40188141,
www.vedavaag.com