

## BOARD OF DIRECTORS:

Sri J.S.R. Durga Prasad	Chairman
Sri J. Murali Krishna	Managing Director
Sri. P.V. Narasimham	Director (Part of the year)
Sri. Guhan Subramaniam	Nominee Director
(Sara Fund Trustee Company (P) Ltd managed by IL & FS)	
Sri V. Umapathi	Director
Dr. G.T. Murthy	Director

## AUDITORS:

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

## Bankers:

UCO Bank  
Axis Bank  
State Bank of India

## REGD. & CORP. OFFICE:

403, West Block, Siri Sai Orchid, Madhapur, Hitec City  
Hyderabad - 500081

## C O N T E N T S

Notice of Annual General Meeting
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## NOTICE

Notice is hereby given that the 12<sup>th</sup> Annual General Meeting of the members of SARK SYSTEMS INDIA LIMITED will be held on 31st day of December 2010 at 9:00 a.m at Royal Functional Hall, Motinagar, Hyderabad - 500018 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the audited Balance Sheet as on 31st March, 2010 and Profit and Loss Account of the Company for the year ended 31st March, 2010 and reports of the Directors' and Auditors' thereon.
2. To appoint Sri. V. Umapathi as Director who is liable to retire by rotation and being eligible offers himself for reappointment.
3. To appoint Dr G T Murthy as Director who is liable to retire by rotation and being eligible offers himself for reappointment.
4. To appoint M/s Mahesh, Virender and Sriram as Auditors of the Company and fix their remuneration.

### SPECIAL BUSINESS:

#### 5. Change of name of the Company :

To consider and if thought fit to pass the following resolution as a special resolution.

"RESOLVED THAT pursuant to the provisions of Section 21 of the Companies Act, 1956 and subject to necessary approvals from Registrar of Companies and other necessary authorities, the name of the Company be changed from M/s. Sark Systems India Limited to M/s. Vedavaag Systems Limited.

#### 6. To alter the Name Clause of Memorandum of Association :

To consider and if thought fit to pass the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to the provisions of the Act, the Name Clause of the Memorandum be changed as follows.

The Name of the Company is Vedavaag Systems Limited.

#### 7. To alter the Regulation 2C of the Articles of Association of the Company .

To consider and if thought fit to pass the following resolution as a Special Resolution.

"RESOLVED THAT THE existing Regulation 2C Of the Articles of Association be altered as follows

The Company or This Company means "Vedavaag Systems Limited"

#### 8. Increase of Authorised Share Capital of the Company:

To consider and if thought fit to pass the following resolution with or without modification as a special resolution

"Resolved that pursuant to the provisions of section 94 of the companies act , 1956 and other applicable provisions if any of the Act, the Authorised Share Capital of the company be increased from RS 11.00 Crs (Rupees Eleven Crores only) to Rs 20.00 Crs (Rupees Twenty Crores only) by creation of additional 90,00,000 equity shares of RS 10/- each with power for the company to consolidate convert, sub divide, reduce or increase the capital and to issue any new shares with any preferential or special rights and conditions attached thereto as per the provisions of the companies act, 1956.

#### 9. Alteration of Capital clause of the memorandum of association.

To consider and if thought fit to pass the following resolution as a special resolution

“ Resolved that pursuant to section 16 of the companies act , 1956 the capital clause of the memorandum of association of the company be amended as follows.

The authorized share capital of the company is Rs 20.00 Crs (Rupees twenty Crores only) divided into 190,00,000 (one hundred ninty lakhs) equity shares of Rs 10/each and 10,00,000 (ten lakhs) preference equity shares of Rs 10 each..

The company has power from time to time increase in capital as equity or preferred shares and to attach any class or classes of such shares, preferences, rights, privileges, or priorities in payment of dividend or distribution of assets or otherwise over any other shares and to subject the same to any restrictions , limitations, or conditions and to vary the regulations of the company as to a portion the right to participate in profits in any manner subject to the prior consent of the government of India or the order of the court , if the same will be necessary, being obtained before doing so.

By Order of the Board

Place: Hyderabad  
Date: 03.12.2010

**J. Murali Krishna**  
Managing Director

## Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy and vote instead of himself / herself and such a proxy need not be a member of the company. The proxy forms in order to be valid shall be lodged with the company not later than 48 hours before the meeting.
2. An explanatory statement pursuant to section 173(2) of the Companies Act, 1956, in respect of Special Business Item No.5 to 7 is annexed hereto.
3. The Share Transfer Register and Register of members of the Company will remain closed from 27<sup>th</sup> day of December 2010 to 31<sup>st</sup> day of December, 2010 (both days inclusive).
4. Members / Proxies attending the meeting are requested to duly fill in and sign in the enclosed attendance slip with their copy of Annual Report to the Meeting.
5. Members who hold their shares in dematerialized form are requested to bring their Client ID and DP numbers for easy identification of attendance at the meeting.
6. Shareholders are requested to intimate immediately any change in their address and bank account details registered with the Company in case of physical holders and in case of demat holders to their DP holders directly.
7. Pursuant to the requirements of the Listing Agreement of Stock Exchanges on Corporate Governance, the information about the Directors proposed to be reappointed is given in the annexure to the Notice.
8. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
9. The copy of Memorandum & Articles of Association of the Company is available for inspection by the members on any working hours of the Company and also at the place of meeting till conclusion of meeting.
10. Retirement of Directors by rotation:

Dr G T Murthy holds a doctorate in Physics and was associated with research organizations like TIFR, ASA(USA), MIT(USA) and as project head of ECIL, Semiconductor Complex Limited. He rendered a decade of service for Crompton Greaves Limited, setting up their electronic business.

Sri V Umapathi , is a Chartered Accountant and he is a partner at M/s Jawahar & Associates with over three decades industry and consulting experience.

Directors commend the reappointment of above persons as directors of the company.

## EXPLANATORY STATEMENT

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

Item No. 5 to 7 :

To have auspicious name and improved identity ie more suitable to existing objects the board suggested the name of Vedavaag and got the name clearance by Registrar of Companies.

With the proposed change of name, the consequential changes are required in the existing Memorandum and Articles and hence the above resolutions are recommended for the approval of the members.

None of the Directors of the Company are concerned or interested in the above resolution.

Item 8 to 9:

In order to expand the business operations and to explore the options to reduce the debt, the board suggested that the authorized capital be enhanced as stated above.

By order of the Board

Place : Hyderabad  
Date : 03.12.2010

MANAGING DIRECTOR

## DIRECTORS' REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

The Directors have pleasure in presenting their 12<sup>th</sup> Annual Report together with the Audited Accounts for the financial year ended 31<sup>st</sup> March 2010.

### FINANCIAL RESULTS:

(Rupees in Lakhs)

Particulars	2009-2010	2008-2009
Total Income	1654.23	1336.93
Profit before Interest, Depreciation and Taxation	778.90	629.59
Interest	82.24	73.86
Depreciation	686.38	467.47
Preliminary & Public issue expenses w/off	2.46	3.07
Profit before Taxation	7.87	85.20
Provision for Taxation		
Fringe Benefit Tax	-	1.08
Income Tax	1.22	8.80
Deferred Tax	-	52.17
Profit after Taxation	6.65	23.14
Balance brought forward from previous year	427.13	413.35
Amount available for the appropriations	433.78	436.49
Preference Dividend	-	8.00
Corporate Dividend tax	-	1.36
Surplus carried forward	433.78	427.13

### BUSINESS OUTLOOK AND MANAGEMENT DISCUSSION:

# SARK Systems India Limited



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

## **E-Governance and Common Service Centers:**

The company has established citizen service centers (known as common service centers) in rural India in Bihar and Haryana. While the company won support price in Bihar, the centers in Haryana were setup with no support price as at that point of time rural market boom was greatly envisaged. The various G2C services enunciated by the governments in the request for proposal are taking more time to launch and hence the gestation of the project to generate significant revenues also is extended.

After the global financial meltdown, again the finance industry is looking up and more products and services are entering into the rural market in a big way. Accordingly your company is soliciting tie-up with various insurance and financial services players and banks to play a significant role in financial inclusion.

The company is exploring tie-up with various portal based education service providers and skill imparting industry to launch the same in rural markets.

The company is bidding for National Population Register (NPR) in some of the states where it has presence/well established operations. National Population register is an exercise being done by registrar general of India as part of census process. RGI is intending collection biometrics information and digitizing the citizen information as per UID guidelines. This initiative provides a great opportunity for your company in the states it is present to get good volume of work. In the year 2010-11 and 2011-2012 these projects are expected to mature and give good results to your company.

### **Portals for Rural Market:**

The company is hosting rural product marketing portal [www.vabhee.in](http://www.vabhee.in) to launch intra village trading services. The portal is expected to give new dimension and broad base the business of SARK to rural retailing and merchandising.

It is also felt that the business of SARK has to be broad based than limiting only to e-Governance which is resulting stunted growth because of revenue dependence from only one sector – e governance and there by cash flow uncertainties leading to working capital problems. These issues accumulate to an extent that the growth of the organization also is getting stifled. It is expected that alternate cash flow generation will help in mitigating these risks.

## **Debtors Management:**

The collections management from Government sector continued to be a strenuous exercise that is impacting the growth of the company also. Hence conscious decision is made to broad base the operations to reduce this single customer base-Government sector.

## **FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:**

### **Share capital:**

The paid up share capital now stands at Rs.9,35,00,000 represented by 93,50,000 equity shares of Rs.10/- each.

### **Reserves and surplus:**

During the year under review the reserves and surplus stood at Rs.1173.38 lakhs as compared to Rs.1166.73 lakhs in the previous year.

### **Fixed Assets:**

The gross fixed assets of the company stood at Rs.4882.37 lakhs as at the end of the current year as compared to Rs. 4587.45 lakhs of previous year.

### **Net Current Assets:**

The net current assets of the company have increased to Rs.1080.00 lakhs as on 31<sup>st</sup> March, 2010 from Rs.923.80 lakhs as at 31<sup>st</sup> March, 2009.

### **Dividend on Equity:**

Your Directors do not recommend any appropriation towards dividend on Equity Share Capital for the year ended 31<sup>st</sup> March, 2010.

### **Fixed Deposits:**

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

under review.

## **DIRECTORS:**

Shri P V Narasimham, has resigned from the board expressing his inability to attend the board matters with his other preoccupation. Your board places on record the great services rendered by Shri Narasimham and the valuable advice during his association with us.

Shri Guhan Subramaniam has resigned from the board subsequent to the divesting of shares held by SARA Fund Trustee company (P) Limited and managed by IL & FS as Mr Guhan is the nominee on Board from Sara Fund. The board acknowledges the valuable advice rendered by Shri Guhan Subramaniam during his association with SARK.

Dr G. T Murthy and Shri V Umapathi directors of the company retire by rotation at the forthcoming annual general meeting and being eligible offer themselves for reappointment.

## **DIRECTORS RESPONSIBILITY STATEMENT:**

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following in terms of Section 217 (2AA) of the Companies Act, 1956.

- i. That in accordance with the preparation of the accounts for the financial year ended 31<sup>st</sup> March, 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. That the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the company for the year under review.
- iii. That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv. That the directors have prepared the annual accounts on a going concern basis.

## **STATUTORY AUDITORS:**

The Auditors, M/s Mahesh, Virender & Sriram, Chartered Accountants, Hyderabad retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has received letter from the auditors to the effect that their appointment as Auditors, if made, would be within the limits under Section 224 (1-B) of the Companies Act, 1956.

## **REPLIES TO AUDITORS' REPORT:**

Since the company is engaged in infrastructure establishment and maintenance projects, and without adequate bank support, there were certain delays in depositing statutory dues. However, the instances are kept to the minimum and efforts are in place to ensure such instances do not happen in future.

## **CASH FLOW STATEMENT:**

A Cash Flow Statement for the year ended 31<sup>st</sup> March, 2010 is attached with the Annual Audited Accounts of the Company.

## **LISTING INFORMATION:**

The Securities of the Company are listed with and traded in dematerialized form at Bombay Stock Exchange Ltd from March 17<sup>th</sup>, 2009 onwards. The BSE Scrip Code is 533056 and ISIN No of the Company is INE359B01010. The Company has paid the Annual Listing Fees for the year 2009-10 to the Bombay Stock Exchange Ltd.

## **CORPORATE GOVERNANCE:**

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

## **AUDIT COMMITTEE:**

Audit Committee consists of the Directors namely Sri V.Umapathi, Sri P.V.Narasimham and Sri J.S.R.Durga Prasad

## **ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE:**

The particulars as prescribed under Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988:

### **A. Conservation of Energy:**

The operations of the Company involve low energy consumption. Adequate measures have, however, been taken to conserve energy.

### **B. Technology Absorption:**

Since business and technologies are changing constantly, investment in research and development

# SARK Systems India Limited



activities is of paramount importance.

Your Company continues its focus on quality upgradation of product and services development.

	2009-2010	Rs. in Lakhs. 2008-2009
C. Foreign Exchange Earnings :	12.25	-
Foreign Exchange out go :	-	-

## PERSONNEL:

As regards, information pursuant to Section 217(2AA) of the Companies Act, 1956 read with Companies (particulars of employees) Rules, 1975 (as amended), there are no employees governed by the said provisions.

## INDUSTRIAL RELATIONS:

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

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

Adequate internal control systems are in vogue commensurate with the size of the operations of the organization. Continuous efforts are being made by constant review to improve the same.

## DECLARATION:

The Company is filing all Forms and Returns with the Registrar of Companies as required under the Companies Act, 1956. The Company has not committed any of the defaults specified under Section 274 (1)(g) of the Companies Act, 1956 (as amended by the Companies Act, 2000) disqualifying its Directors to act as Directors of other Public Limited Companies.

## APPRECIATION:

Your Directors take this opportunity to thank all the investors, business partners, clients, bankers, regulatory and Governmental authorities, stock exchanges and employees for their continued support and confidence in the Company.

For & on behalf of the Board

Place: Hyderabad

J.S.R. Durga Prasad

J. Murali Krishna

Date : 03.12.2010

Chairman

Managing Director

## CAUTIONARY STATEMENT:

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

## CORPORATE GOVERNANCE REPORT

In terms of the amended Clause 49 of the Listing Agreement, compliance with the requirement of Corporate Governance is set out below.

### 1. Company's Philosophy on Code of Governance:

Corporate Governance contains a set of principles, process and systems to be followed by Directors, management and all employees of the Company for increasing the shareholders' value keeping in view of other stakeholders. While adhering to the above, the Company is committed to integrity, accountability, transparency and compliance with laws in all dealings with the Government, Customers, Employees, other stakeholders and general public.



## 2. Board of Directors:

### Composition of Board

Category	No. of Directors	%
Executive Promoter Directors	1	12.50
Non-Executive Promoter Directors	1	12.50
Independent Non-Executive Directors	4	75.00
Total	6	100.00

Sri J.S.R. Durga Prasad chaired all the Board Meetings and Annual General Meeting. The Chairman being a Non-Executive Director (Promoter) of the Company, the Board has two-thirds of its strength comprising of Independent and non-executive directors. Non-executive Directors do not have any pecuniary relationship with the Company except as stated below:

S.No.	Name of the Director	No. of Equity Shares held
1.	Sri V.Umapathi	5000
2.	Sri P.V.Narasimham	NIL
3.	Sri Guhan Subrahmaniam	NIL
4.	Sri G.T.Murthy	1000

The functions, responsibility, role and accountability of the Board are well defined. The detailed reports of the company's activities are placed before the Board for effective decision-making. Various committees support the Board in its functions. The Board of Directors and its committees meet at regular intervals. The board has constituted three committees viz., Audit Committee, Share Transfer and Shareholders' Grievance Committee and Remuneration Committee.

### Board Meetings held during the year 2009-2010:

The Company's Corporate Governance Policy requires the Board to meet at least four times in a year. The Board met Five (5) times in the year 2009-2010 on 29.04.2009, 30.07.2009, 04.09.2009, 27.10.2009 and on 30.01.2010.

Sl.No.	Name	Category	Attendance		Particulars of other Directorships		
			B.M	AGM	Directorships*	Committee	Chairman
1.	Sri J.S.R.Durga Prasad Chairman	PromoterNon-Executive	5	Yes	2	-	-
2.	Sri J.Murali Krishna Managing Director	PromoterExecutive	5	Yes	-	-	-
3.	Sri P.V.Narasimham	Independent Non-Executive	4	Yes	3	-	3
4.	Sri Guhan Subramaniam	Independent Non-Executive	5	No	6	-	-
5.	Dr.G.T.Murthy	Independent Non-Executive	1	No	-	-	-
6.	Sri V.Umapathi	Independent Non-Executive	3	No	2	-	-

\* Alternate Directorships, Directorships in Private Bodies and Membership in governing councils, chambers and other bodies not considered.

## 3. . Audit Committee:

During the year, the Audit Committee was reconstituted and Committee consists of 1. Sri V.Umapathi – Chairman (Independent, Non-executive) 2. Sri P.V.Narasimham - Member (Independent, Non-executive) 3. Sri J.S.R.Durga Prasad – Member (Non-Independent, Non Executive). All the members have good financial knowledge. The terms of the reference of the Audit Committee specified by the Board are as contained in Clause 49 of the Listing Agreement.

### Details of the meetings:

Four (4) Audit Committee meetings were held during the year 2009-10. They are 29<sup>th</sup> April, 2009; 30<sup>th</sup>



July, 2009; 27<sup>th</sup> Oct, 2009 and on 30<sup>th</sup> January, 2010.

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

The Statutory Auditors also attended the above meetings on invitation.

#### 4. Remuneration Committee:

The Remuneration Committee, which is a non-mandatory requirement of Clause 49 was constituted.

The Committee comprises of two Independent Directors and one Promoter Director, namely:

S.No	Name of Director	Meetings held	Meetings Attended
1	Sri V.Umapathi	1	1
2	Sri P.V.Narasimham	1	1
3	Sri J.S.R.Durga Prasad	1	1

During the year the Committee held its meeting on 4<sup>th</sup> September, 2009.

##### a) Remuneration Policy

The Remuneration Committee recommends the remuneration package for the Managing Director and other senior executives. In framing the remuneration policy, the Committee takes into consideration the remuneration practices of companies of similar size and stature, the industry standards and the nature of responsibilities.

Subject to the approval of the Board and of the Company in General Meeting and such other approvals as may be necessary; the Managing Director is paid remuneration. The present remuneration packages of the Company to the Managing Director includes salary, perks etc.

##### b) Remuneration paid to Directors during 2009-10

###### i) Executive Director

S. No.	Name	Position	Salary Rs. (PA)	Commission	P.F & HRA	Total Rs. (PA)
1.	J.Murali Krishna	Managing Director	-	-	-	-

###### ii) Non- Executive Directors

The sitting fees is paid to the Directors is Rs.3000/- (Rupees Three thousand only) for attending each Board / Committee meeting, apart from reimbursement of conveyance / incidental expenses. The Company has not granted stock options to its Directors during the year.

Sl. No.	Name of the Director	Total Sitting Fees Paid (Rs.)
1	Sri J.S.R. Durga Prasad	15000
2	Sri V. Umapathi	9000
3	Sri Guhan Subramaniam	15000
4	Sri P.V. Narasimham	12000
5	Dr G.T. Murthy	3000

#### 5. Investors' Grievance & Share Transfers Committee:

The Board of Directors constituted Investors' Grievance & Share Transfers Committee comprising of Sri J Murali Krishna, Sri V Umapathi and Dr G T Murthy, Chairman of the meeting. The Committee, interalia, oversees and reviews all matters connected with the investor services and ensures that the shareholders grievances are redressed in time.

Four(4) Committee meetings were held viz., 22<sup>th</sup> April, 2009; 25<sup>th</sup> July, 2009; 30<sup>th</sup> October, 2009 and on 2nd February, 2010 and attended by all the members. The Company received one query during the year 2009-10 and it was replied / resolved to the satisfaction of the investor.

There were no pending valid requisitions for transfer of shares as on 31<sup>st</sup> March, 2010.

#### 6. General Body Meetings:

- a) The following are details of the location and time of the last three Annual General Meetings (AGM) of the Company: