

**BOARD OF DIRECTORS :**

Sri J.S.R. Durga Prasad

Sri J. Muralikrishna

Sri V. Umapathi

Dr G.T. Murthy

Chairman

Managing Director

Director

Director

**AUDITORS :**

Mahesh, Virender and Sriram

Chartered Accountants

6-3-788-36 & 37 A

Durga Nagar Colony

Hyderabad 500 016

**BANKERS:**

UCO Bank

Axis Bank Ltd

State Bank of India

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**NOTICE**

Notice is hereby given that the 13<sup>th</sup> Annual General Meeting of the members of VEDAVAAG SYSTEMS LIMITED will be held on 29<sup>th</sup> September, 2011 at 10.30 AM at Royal Function Hall, Moti Nagar, Hyderabad - 500018 to transact the following business:

**ORDINARY BUSINESS :**

1. To receive, consider, approve and adopt the audited Balance Sheet as on 31st March, 2011 and Profit and Loss Account of the Company for the year ended 31st March, 2011 and reports of the Directors' and Auditors' thereon.
2. To appoint Sri. J S R Durgaprasad as Director who is liable to retire by rotation and being eligible offers himself for reappointment.
3. To appoint M/s Mahesh, Virender and Sriram as Auditors of the Company and fix their remuneration.

Place: Hyderabad

Date: 5<sup>th</sup> September, 2011

By Order of the Board

**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. The Share Transfer Register and Register of members of the Company will remain closed from 26<sup>th</sup> September, 2011 to 29<sup>th</sup> September, 2011. (both days inclusive).
3. Members / Proxies attending the meeting are requested to duly fill in and sign in the enclosed attendance slip with their copy of Annual Report to the Meeting.
4. 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.
5. 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.
6. 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.
7. 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.
8. 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.
9. Retirement of Directors by Rotation:

At the ensuing Annual General Meeting , Sri J S R Durga Prasad retire by rotation and being eligible offers himself for re-appointment. The information details to be provided for the aforesaid director under Corporate Governance code are as under:

Mr J S R Durgaprasad FCA, AICWA aged 50 years, is the promoter director of the company. He is the proprietor of M/s Durgaprasad Associates, Chartered Accountants and having experience in Taxation, Project Finance and Audit.

By Order of the Board

Place : Hyderabad

Date : 5<sup>th</sup> September, 2011

MANAGING DIRECTOR

**DIRECTORS REPORT:**

The Directors have pleasure in presenting their 13<sup>th</sup> Annual Report together with the Audited Accounts for the financial year ended 31<sup>st</sup> March 2011.

**FINANCIAL RESULTS:**

Rs in Lakhs

<b>Particulars</b>	<b>2010-11</b>	<b>2009-2010</b>
Total Income	<b>1724.78</b>	1654.23
Profit before Interest, Depreciation and Taxation	<b>687.53</b>	778.90
Interest	<b>5.20</b>	82.24
Depreciation	<b>656.92</b>	686.38
Preliminary & Public issue expenses w/off		2.41
Profit before Taxation	<b>25.41</b>	6.65
Provision for Taxation		
Fringe Benefit Tax		
Income Tax	<b>4.71</b>	1.22
Deferred Tax		
Profit after Taxation	<b>20.69</b>	6.65
Balance brought forward from previous year		
Amount available for the appropriations	<b>20.69</b>	6.65
Surplus carried forward	<b>20.69</b>	6.65

**BUSINESS OUTLOOK AND MANAGEMENT DISCUSSION:**

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

**E-Governance Services:**

The company has received an order worth over Rs 55 Crs from Electronics Corporation of India Limited, a public sector undertaking for Computerization of National Population Register for nine districts in Andhra Pradesh. The project is to be executed over a period of 12 months.

The company has setup over 1000 common service centers in Bihar for delivering various government to citizen (G2C) and Business to Citizen (B2C) services.

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

**Financial Inclusion:**

The company tied up with State Bank of India as business correspondent and to date launched over 100 customer service points in Bihar. The company envisages expanding these operations to most of the CSCs as governments are envisaging delivering benefits such as pension, NREGA payments and such other benefits directly to the citizens.

**Debtors Management:**

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

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

**Share capital:**

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

**Reserves and surplus:**

During the year under review the reserves and surplus stood at Rs.1194.07 lakhs as compared to Rs.1173.37 lakhs in the previous year.

**Fixed Assets:**

The gross fixed assets of the company stood at Rs.5073.90 lakhs, as compared to Rs 4882.37 lakhs as at last year.

**Net Current Assets:**

The net current assets of the company have increased to Rs.1319.60 lakhs as on 31<sup>st</sup> March, 2011 from Rs. 1080.00 lakhs as at 31<sup>st</sup> March, 2010.

**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, 2011.

**Fixed Deposits:**

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

**DIRECTORS:**

**DIRECTORS RESPONSIBILITY STATEMENT:**

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

- i. That in accordance with the preparation of the accounts for the financial year ended 31<sup>st</sup> March, 2011, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. That the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the company for the year under review.
- iii. That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv. That the directors have prepared the annual accounts on a going concern basis.

**STATUTORY AUDITORS:**

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

**REPLIES TO AUDITORS' REPORT:**

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

**CASH FLOW STATEMENT:**

A Cash Flow Statement for the year ended 31<sup>st</sup> March, 2011 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 2010-11 to the Bombay Stock Exchange Ltd.

**CORPORATE GOVERNANCE:**

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

**AUDIT COMMITTEE:**

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

**ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE:**

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

**A. Conservation of Energy:**

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

**B. Technology Absorption:**

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

	Rs. in Lakhs.	
	2010-11	2009-10
C. Foreign Exchange Earnings :	37.88	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 CONTROLS SYSTEMS AND THEIR ADEQUACY:**

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

**DECLARATION:**

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

**APPRECIATION:**

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

Place: Hyderabad  
Date : 05.09.2011

For & on behalf of the Board  
**J.S.R. Durga Prasad**      **J. Murali Krishna**  
Chairman      Managing Director

**CAUTIONARY STATEMENT :**

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



**CORPORATE GOVERNANCE REPORT**

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

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

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

**2. Board of Directors:**

## Composition of Board

Category	No. of Directors	%
Executive Promoter Directors	1	25.00
Non-Executive Promoter Directors	1	25.00
Independent Non-Executive Directors	2	50.00
Total	4	100.00

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

S.No.	Name of the Director	No. of Equity Shares held
1.	Sri V.Umapathi	23500
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 2010-11:**

The Company's Corporate Governance Policy requires the Board to meet at least four times in a year. The Board met six (6) times in the year 2010-2011 on 15<sup>th</sup> May,2010, 14<sup>h</sup> Aug,2010, 1<sup>st</sup> Oct, 2010, 15<sup>th</sup> Nov, 2010, 3<sup>rd</sup>- Dec, 2010 and on 14<sup>th</sup> Feb, 2011.

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

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

**Information on Director(s) seeking re-election at the ensuing Annual General Meeting**

Sri J S R Durga Prasad retire by rotation and being eligible offers himself for re-appointment. The information details to be provided for the aforesaid director under Corporate Governance code are as under:

Mr J S R Durgaprasad FCA, AICWA aged 50 years, is the promoter director of the company. He is the proprietor of M/s Durgaprasad Associates, Chartered Accountants and having experience in Taxation, Project Finance and Audit.

**3. Audit Committee:**

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

**Details of the meetings:**

Five (5) Audit Committee meetings were held during the year 2010-11 on 15<sup>th</sup> May,2010, 14<sup>h</sup> Aug,2010, 1<sup>st</sup> Oct, 2010, 15<sup>th</sup> Nov, 2010, 3<sup>rd</sup>- Dec, 2010.