

BOARD OF DIRECTORS :

Sri J.S.R. Durga Prasad	Chairman
Sri J. Muralikrishna	Managing Director
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 Ltd
State Bank of India
State Bank of Mysore

C O N T E N T S

Notice of Annual General Meeting
Directors' Report and Management Discussion &
Analysis
Corporate Governance Report
Auditors' Report
Balance Sheet
Profit and Loss Account
Cash Flow Statement
Notes Forming Part of Accounts
Proxy form – cum – Attendance Slip
Nomination form

NOTICE

Notice is hereby given that the 14th Annual General Meeting of the members of VEDAVAAG SYSTEMS LIMITED will be held on 28th September, 2012 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, 2012 and Profit and Loss Account of the Company for the year ended 31st March, 2012 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 M/s Mahesh, Virender and Sriram as Auditors of the Company and fix their remuneration.

Special Business :**4. Increase of Authorized Share Capital :**

To consider and, if thought fit, to pass with or without modifications, the following resolution as Special Resolution.

“RESOLVED THAT pursuant to Section 94 (1) (a), 97 and other applicable provisions of the Companies Act 1956, the Authorized Share Capital of the Company be increased from Rs. 11.00 Crores (1,00,00,000) Equity Shares of Rs.10/- each and 10,00,000 (Ten Lakhs) Preference Shares of Rs. 10/- each) to Rs. 20.00 Crores /- (Rupees Twenty crores only) by creation of additional 90,00,000 equity shares of Rs.10/- each, ranking pari passu with the existing equity shares of the Company.”

5. Alteration of Capital Clauses in the Memorandum and Articles of Association:

To consider and, if thought fit, to pass with or without modifications, the following resolutions as Special Resolutions.

“RESOLVED THAT pursuant to Section 16 and other applicable provisions, if any, of the Companies Act 1956 the existing Clause V of the Memorandum of Association of the Company be and is hereby substituted by the following:”

V. “The Authorised Share Capital of the Company is Rs. 20.00 Crores (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 Shares of Rs. 10/- each with rights, privileges and conditions attached thereto as are provided by the regulations of the Company for the time being, with power to increase and reduce the Capital of the Company into several classes and attach thereto respectively, subject to the laws for the time being in force, such rights, privileges or conditions as may be determined by or in accordance with regulations of the Company and to vary, modify, abrogate any such rights, privileges or conditions in such

manner as may for the time being be provided by the regulations of the Company and to consolidate or subdivide the shares and issue shares of higher or lower denominations.”

“RESOLVED FURTHER THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act 1956, the existing Article 3 of the Articles of Association of the Company be and is hereby substituted by the following:

4. “V. “The Authorised Share Capital of the Company is Rs. 20.00 Crores (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 Shares of Rs. 10/- each) with rights, privileges and conditions attached thereto as are provided by the regulations of the Company for the time being, with power to increase and reduce the Capital of the Company into several classes and attach thereto respectively, subject to the laws for the time being in force, such rights, privileges or conditions as may be determined by or in accordance with regulations of the Company and to vary, modify, abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the regulations of the Company and to consolidate or subdivide the shares and issue shares of higher or lower denominations.”

6. Allotment of Equity Shares on Preferential basis to promoters :

To consider and, if thought fit, to pass with or without modifications, the following resolution as Special Resolution.

Resolved that pursuant to Section 81(1A) and other applicable provisions, if any of the Companies Act, 1956 and in accordance with the Memorandum and Articles of Association and listing agreements entered into with the Stock Exchanges, guidelines issued by the RBI under FEMA 1999 and by SEBI on preferential issue of shares and other regulations /guidelines, if any and subject to the consent of all other concerned authorities, if any to the extent required and subject to such conditions and modifications as may be prescribed or imposed while according such consents, which may be considered appropriate by the Board of Directors of the Company and/or duly authorized committee thereof (hereinafter called “the Board”) in its absolute discretion , consent of the members be and is hereby accorded to the Board to issue, offer and allot to the following persons in one or more tranches 5,90,000. Equity Shares of the Company of the face value of Rs. 10/- each in the share capital of the Company at a price of Rs. 10/- (Rupees Ten Only) which is higher than the price arrived at in terms of Clause 13.1.1.1 of SEBI Guidelines to the persons, whose list is mentioned overleaf on preferential basis as per the SEBI Preferential issue guidelines out of the pending share application money (whose list is mentioned overleaf).

Name	No. Of Equity shares	% Equity (Post conversion Capital)
Mr. J.S.R Durga Prasad	5,90,000	4.30
	5,90,000	4.30

The Board has taken the record date as 28th August 2012 as the relevant date for fixing the price as per the SEBI Preferential issue guidelines.

RESOLVED FURTHER THAT

- a) The Equity Shares shall rank pari passu with the existing equity shares of the Company in all respects.
- b) The preferential allotment is subject to Dematerialisation of entire pre preferential allotment share holding of the proposed allottees.
- c) The relevant date for preferential issue, as per SEBI (Disclosure and Investor Protection) Guidelines 2009 as amended, for determination of applicable price for the issue of above mentioned shares is 28th August 2012.
- d) The entire pre preferential shareholding of the proposed allottees, if any, is subject to a lock-in from the date of allotment.

“RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorized to do all such acts, deeds, matters, things as it may, in its absolute discretion, deem necessary, desirable and to settle any questions, difficulty or doubt that may arise in regard to the offering, issue, allotment and utilization of the issue proceeds, as it may in its absolute discretion, deem fit and proper.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any committee of Directors or senior executives/officers of the Company to give effect to the resolution.

7. Allotment /conversion of unsecured loans into Equity Shares to other than promoters on preferential basis:

To consider and, if thought fit, to pass with or without modifications, the following resolution as Special Resolution

Resolved that pursuant to Section 81(1A) and other applicable provisions, if any of the Companies Act, 1956 and in accordance with the Memorandum and Articles of Association and listing agreements entered into with the Stock Exchanges, guidelines issued by the RBI under FEMA 1999 and by SEBI on preferential issue of shares and other regulations /guidelines, if any and subject to the consent of all other concerned authorities, if any to the extent required and subject to such conditions and modifications as may be prescribed or imposed while according such consents, which may be considered appropriate by the Board of Directors of the Company and/or duly authorized committee thereof (hereinafter called “the Board”) in its absolute discretion , consent of the members be and is hereby accorded to the Board to issue, offer and allot/convert from unsecured loans to the following persons in one or more tranches 37,90,000 Equity Shares of the Company of the face value of Rs. 10/- each in the share capital of the Company at a price of Rs. 10/- (Rupees Ten Only) which is higher than the price arrived at in terms of Clause 13.1.1.1 of SEBI Guidelines to the persons, whose list is mentioned overleaf on preferential basis as per the SEBI Preferential issue guidelines out of the pending share application money (whose list is mentioned overleaf).

Name	No. Of Equity shares	% Equity (Post conversion Capital)
R. Janakilakshmi	5,00,000	3.64
P. Prabhavathi	5,00,000	3.64
Atlanta International Limited	5,00,000	3.64
KLK Electricals Limited	2,00,000	1.46
Ch Lakshmana Kumar	2,00,000	1.46
J Venkat Kanada	1,00,000	0.73
J Srinivas Murthy	2,10,000	1.53
P S R K Sarma	2,50,000	1.82
M Suguna	2,00,000	1.46
S Satyavathi	1,00,000	0.73
P Himabindu	2,00,000	1.46
P S Sarma	1,30,000	0.95
P Muralimohan	2,00,000	1.46
G Narasimha Raju	2,00,000	1.46
P Kodandapani	3,00,000	2.18

The Board has taken the record date as 28th August 2012 as the relevant date for fixing the price as per the SEBI Preferential issue guidelines.

RESOLVED FURTHER THAT

- The Equity Shares shall rank pari passu with the existing equity shares of the Company in all respects.
- The preferential allotment is subject to Dematerialisation of entire pre preferential allotment share holding of the proposed allottees.
- The relevant date for preferential issue, as per SEBI (Disclosure and Investor Protection) Guidelines 2009 as amended, for determination of applicable price for the issue of above mentioned shares is 28th August 2012.
- The entire pre preferential shareholding of the proposed allottees, if any, is subject to a lock-in from the date of allotment.

“RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorized to do all such acts, deeds, matters, things as it may, in its absolute discretion, deem necessary, desirable and to settle any questions, difficulty or doubt that may arise in regard to the offering, issue, allotment and utilization of the issue proceeds, as it may in its absolute discretion, deem fit and proper.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any committee of Directors or senior executives/officers of the Company to give effect to the resolution.

8. Allotment of convertible Equity Share warrants on Preferential basis :

Resolved that subject to the approval of the members of the Company and other necessary approvals from stock exchange, and pursuant to Section 81(1A) and other applicable provisions, if any of the Companies Act, 1956 and in accordance with the Memorandum and Articles of Association and listing agreements entered into with the Stock Exchanges, guidelines issued by the RBI under FEMA 1999 and by SEBI on Convertible Share Warrants and other regulations /guidelines, if any and subject to the consent of all other concerned authorities, if any to the extent required and subject to such conditions and modifications as may be prescribed or imposed while according such consents, which may be considered appropriate by the Board of Directors of the Company and/or duly authorized committee thereof (hereinafter called “the Board”) in its absolute discretion , consent of the members be and is hereby accorded to the Board to allot to the following persons in one or more tranches 6,20,000 Convertible share warrants of the company of the face value of Rs.10/- (Rupees Ten only) each in the share capital of the company at a price of Rs.10/- (Rupees Ten only) which is higher than the price arrived at in terms of Clause 13.1.1.1 of SEBI Guidelines.”

Name	No. Of Convertible share Warrants	% Equity (Post conversion Capital)
Mr. J.S.R Durga Prasad	6,20,000	4.32
	6,20,000	4.32

The Board has taken the record date as 28th August 2012as the relevant date for fixing the price as per the SEBI Preferential issue guidelines.

RESOLVED FURTHER THAT

- The Convertible Share warrants shall rank pari passu with the existing equity shares of the Company in all respects.
- The Convertible share warrants is subject to Dematerialization of entire pre preferential allotment share holding of the proposed allottees.
- The relevant date for Convertible Share warrents, as per SEBI (Disclosure and Investor Protection) Guidelines 2009 as amended, for determination of applicable price for the issue of above mentioned warrants is 28th August, 2012.

- d) The entire pre preferential shareholding of the proposed allottees, if any, is subject to a lock-in from the date of allotment.

“RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorized to do all such acts, deeds, matters, things as it may, in its absolute discretion, deem necessary, desirable and to settle any questions, difficulty or doubt that may arise in regard to the offering, issue, allotment and utilization of the issue proceeds, as it may in its absolute discretion, deem fit and proper.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any committee of Directors or senior executives/officers of the Company to give effect to the resolution.

By order of the Board

J. Muralikrishna

Managing Director

Hyderabad

31.8.2012

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 Nos : 4 to 7 is annexed hereto.
3. The Share Transfer Register and Register of members of the Company will remain closed from 24th September, 2012 to 28th September, 2012. (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:

At the ensuing Annual General Meeting , Sri V Umapathi retires 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 V Umapathi, FCA aged 58 years, is a Chartered Accountant and he is a partner of M/s Jawahar & associates with over three decades of industry and consulting experience.

By Order of the Board

Managing Director

Place : Hyderabad

Date : 31-8-2012

Explanatory Statement

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

Item No. 4 to 5 :

Increase of Authorised Share Capital and alteration of Capital Clauses of the Memorandum and Articles of Association:

The Authorised Share Capital of the Company is Rs.11.00 Crores divided into 1,00,00,000 equity shares of Rs.10/- each and 10,00,000 preference shares of Rs. 10/- each.

In view of the current business plans of the Company, it is proposed to enhance the Authorised Share Capital from Rs.11.00 Crores to Rs.20.00 Crores and also amend the Capital Clause V of the Memorandum of Association and Article 4 of the Articles of Association accordingly.

Accordingly, the Board at its meeting held on 31.8.2012 approved the above proposals and recommended the same for your approval by way of Special Resolution.

None of the Directors is interested or concerned in the above proposed special resolutions except to the extent of the shares that may be subscribed by the Directors, their relatives and associates.

Item No. 6 : Allotment of Equity Shares on preferential basis to Promoters :

1. **Objects and background of the Issue** : The purpose of the issue of equity shares on preferential basis is to clear the existing liabilities, for working capital and to explore other business opportunities.

2. Relevant date and Pricing of the Issue

The 'relevant date' for the purpose of pricing of the equity shares, in accordance with the SEBI Regulations is 28th August,2012 being the 30th day prior to 28th September,2012 (i.e. the date on which the Annual General Meeting of the shareholders will be held, in terms of section 81(1A) of the Companies Act, 1956 to consider the proposed issue of equity shares on preferential basis)

"Pricing of the Issue" – The issue price of Rs10/- (Rupees Ten Only) arising out of the preferential issue of shares is in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and for the purpose of the above guidelines the relevant date would be 28th August, 2012.

3. **Intention of the subscribers to subscribe to the offer**: The subscription to the equity is intended to strengthen the financial capabilities of the company in view of the orders that the company is having. The subscription to the shares will help the company's augmented resources for its working capital and related long term resources on the new activity.

4. Identity of the proposed allottees and percentage of post issued capital that may be held:

Name and address of the proposed allottees	No. of shares proposed to be allotted	Amount (In Rs.)	Existing shareholding in the company	Shareholding after the preferential allotment	% of shareholding by the post Preferential allotment of Equity Capital
J.S.R DURGA PRASAD	5,90,000	59,00,000	85,400	6,75,400	4.92
TOTAL	5,90,000	59,00,000	85,400	6,75,400	4.92

5. Shareholding pattern before and after the offer

Category code	Category of Shareholder	Pre Issue		Post Issue	
		Number of shares	% of shareholding	Number of shares	% of shareholding
(A)	Shareholding of Promoter and				
	Promoter Group				
1	Indian	1840012	19.68	24,30,012	17.70
(a)	Individuals / Hindu Undivided Family				
(b)	Central Government / State Government(s)	0		0	
(c)	Bodies Corporate	0		0	
(d)	Financial Institutions / Banks	0		0	
(e)	Any Others (Specify)	0		0	
	Sub-total (A)(1)				
2	Foreign				
A	Individuals(Non-resident individuals/foreign Individuals)	0		0	
B	Bodies Corporate	0		0	
C	Institutions	0		0	
D	Any Others (Specify)	0		0	
	Sub-total (A)(2)	0		0	
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	1840012	19.68	2430012	17.70

(B)	Public shareholding				
1	Institutions				
(a)	Mutual Funds/ UTI	0		0	
(b)	Financial Institutions / Banks	0		0	
(c)	Central Government / State Government(s)	0		0	
(d)	Venture Capital Funds	0		0	
(e)	Insurance Companies	0		0	
(f)	Foreign Institutional Investors	0		0	
(g)	Foreign Venture Capital Investors	0		0	
(h)	Any other (specify)	0		0	
	Sub-total (B) (1)	0		0	
B 2	Non-institutions				
(a)	Bodies Corporate	1243095	13.30	1943095	14.15
(b)	Individuals				
	i. Individual shareholders holding nominal share capital up to Rs.1 lakh	3353839	35.87	3346239	24.37
	ii. Individual shareholders holding nominal share capital in excess of Rs.1 lakh	2834658	30.32	5932258	43.21
(c)	Any Other				
a)	Clearing Member	66444	0.71	66444	0.48
b)	NRI	11952	0.13	11952	0.09
c)	Trust (HUF)				
	Sub-total (B)(2)	7509988	80.32	11299988	82.30
(B)	Total Public Shareholding				
	(B) = (B)(1)+(B)(2)	75,09,988	80.32	11299988	82.30
	TOTAL (A)+(B)	93,50,000	100.00	13730000	100.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-
(1)	Promoter and Promoter Group	-	-	-	-
(2)	Public	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	93,50,000	100.00	13730000	100.00

None of the proposed allottees have sold any shares during the six months prior to the relevant date.

6. Proposed time with in which the allotment shall be completed :

The allotment of shares shall be completed within 15 days from the date of passing the resolution by the shareholders, provided that where the allotment is pending on account of pendency of any approval from any regulatory authority or the Central Government, then the allotment shall be completed by the Company within a period of 15 days from the date on which the company receives all approvals from the concerned authorities and receipt of subscription from the investors.

7. Composition of the Board / Control

There will be no change in the composition of the Board and there will be not any change in control of the company as a result of the preferential issue of shares.

8. Auditor's Certificate

A copy of the certificate of the company's statutory auditor as per SEBI Regulations shall be placed before the shareholders.

The provisions of the Companies Act, 1956 contemplate consent of the members by way of special resolution in general meeting for further issue of shares to persons other than the existing holders of shares.

Shareholders consent is sought pursuant to Section 81 (1A) of the Companies Act, 1956 and in terms of the Listing Agreement with the Stock Exchanges to the issue of the above shares on preferential basis as set out in the resolution.

Your directors recommend the proposed resolution for approval

Item No. 7 : Conversion of unsecured loans/allotment of Equity Shares on preferential basis to other than promoters :

1. Objects and background of the Issue :

The purpose of the issue of equity shares on preferential basis is to clear the existing liabilities, for working capital and to explore other business opportunities.

2. Relevant date and Pricing of the Issue

The 'relevant date' for the purpose of pricing of the equity shares, in accordance with the SEBI Regulations is 28th August,2012 being the 30th day prior to 28th September,2012 (i.e. the date on which the Annual General Meeting of the shareholders will be held, in terms of section 81(1A) of the Companies Act, 1956 to consider the proposed issue of equity shares on preferential basis)

"Pricing of the Issue" – The issue price of Rs10/- (Rupees Ten Only) arising out of the preferential issue of shares is in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and for the purpose of the above guidelines the relevant date would be 28th August,2012.

3. Intention of the subscribers to subscribe to the offer: The subscription to the equity is intended to strengthen the financial capabilities of the company in view of the orders that the company is having. The conversion of unsecured loans into shares and subscription to shares will help the company's augmented resources for its working capital and related long term resources on the new activity.

4. Identity of the proposed allottees and percentage of post issued capital that may be held:

Name and address of the proposed allottees	No. of shares proposed to be allotted	Amount (In Rs.)	Existing shareholding in the company	Shareholding after the preferential allotment	% of shareholding by the post Preferential allotment of Equity Capital
R. Janakilakshmi (conversion of unsecured loans)	5,00,000	50,00,000		5,00,000	3.64
P. Prabhavathi (conversion of unsecured loans)	5,00,000	50,00,000		5,00,000	3.64
Atlanta International Limited (Fresh issue)	5,00,000	50,00,000		5,00,000	3.64
KLK Electricals Limited fresh issue)	2,00,000	20,00,000		5,00,000	1.46
Ch Lakshmana Kumar (fresh issue)	2,00,000	20,00,000	5000	2,05,000	1.49
J Venkat Kanada fresh issue)	1,00,000	10,00,000		1,00,000	0.73
J Srinivas Murthy (fresh issue)	2,10,000	21,00,000		2,00,000	1.53

Name and address of the proposed allottees	No. of shares proposed to be allotted	Amount (In Rs.)	Existing shareholding in the company	Shareholding after the preferential allotment	% of shareholding by the post Preferential allotment of Equity Capital
P S R K Sarma (conversion of unsecured loans)	2,50,000	25,00,000		2,50,000	1.82
M Suguna (fresh issue)	2,00,000	20,00,000		2,00,000	1.46
S Satyavathi (fresh issue)	1,00,000	10,00,000	300	1,00,300	0.73
P Himabindu (fresh issue)	2,00,000	20,00,000		2,00,000	1.46
P S Sarma (fresh issue)	1,30,000	13,00,000		1,00,000	0.95
P Muralimohan (fresh issue)	2,00,000	20,00,000	5000	2,05,000	1.49
G Narasimha Raju (fresh issue)	2,00,000	20,00,000	2000	2,02,000	1.47
P Kodandapani (fresh issue)	3,00,000	30,00,000	0	3,00,000	2.18

5. Shareholding pattern before and after the offer

Category code	Category of Shareholder	Pre Issue		Post Issue	
		Number of shares	% of shareholding	Number of shares	% of shareholding
(A)	Shareholding of Promoter and Promoter Group				
1	Indian	1840012	19.68	24,30,012	17.70
(a)	Individuals / Hindu Undivided Family				
(b)	Central Government / State Government(s)	0		0	
(c)	Bodies Corporate	0		0	
(d)	Financial Institutions / Banks	0		0	
(e)	Any Others (Specify)	0		0	
	Sub-total (A)(1)				
2	Foreign				
a	Individuals(Non-resident individuals/foreign Individuals)	0		0	
b	Bodies Corporate	0		0	
c	Institutions	0		0	
d	Any Others (Specify)	0		0	
	Sub-total (A)(2)	0		0	
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	1840012	19.68	2430012	17.70
(B)	Public shareholding				
1	Institutions				
(a)	Mutual Funds/ UTI	0		0	
(b)	Financial Institutions / Banks	0		0	
(c)	Central Government / \ State Government(s)	0		0	
(d)	Venture Capital Funds	0		0	
(e)	Insurance Companies	0		0	
(f)	Foreign Institutional Investors	0		0	
(g)	Foreign Venture Capital Investors	0		0	
(h)	Any other (specify)	0		0	
	Sub-total (B) (1)	0		0	

Category code	Category of Shareholder	Pre Issue		Post Issue	
		Number of shares	% of shareholding	Number of shares	% of shareholding
B 2	Non-institutions				
(a)	Bodies Corporate	1243095	13.30	1943095	14.15
(b)	Individuals				
	i. Individual shareholders holding nominal share capital up to Rs.1 lakh	3353839	35.87	3346239	24.37
	ii. Individual shareholders holding nominal share capital in excess of Rs.1 lakh	2834658	30.32	5932258	43.21
(c)	Any Other				
d)	Clearing Member	66444	0.71	66444	0.48
e)	NRI	11952	0.13	11952	0.09
f)	Trust (HUF)				
	Sub-total (B)(2)	7509988	80.32	11299988	82.30
(B)	Total Public Shareholding				
	(B) = (B)(1)+(B)(2)	75,09,988	80.32	11299988	82.30
	TOTAL (A)+(B)	93,50,000	100.00	13730000	100.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-
(3)	Promoter and Promoter Group	-	-	-	-
(4)	Public	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	93,50,000	100.00	13730000	100.00

None of the proposed allottees have sold any shares during the six months prior to the relevant date.

6. Proposed time with in which the allotment shall be completed :

The allotment of shares shall be completed within 15 days from the date of passing the resolution by the shareholders, provided that where the allotment is pending on account of pendency of any approval from any regulatory authority or the Central Government, then the allotment shall be completed by the Company within a period of 15 days from the date on which the company receives all approvals from the concerned authorities and receipt of subscription from the investors.

7. Composition of the Board / Control

There will be no change in the composition of the Board and there will be not any change in control of the company as a result of the preferential issue of shares.

8. Auditor's Certificate

A copy of the certificate of the company's statutory auditor as per SEBI Regulations shall be placed before the shareholders.

The provisions of the Companies Act, 1956 contemplate consent of the members by way of special resolution in general meeting for further issue of shares to persons other than the existing holders of shares.

Shareholders consent is sought pursuant to Section 81 (1A) of the Companies Act, 1956 and in terms of the Listing Agreement with the Stock Exchanges to the issue of the above shares on preferential basis as set out in the resolution.

None of the promoters / directors are interested in the subject matter of this resolution.

Your directors recommend the proposed resolution for approval

Item No. 8 : Allotment of Convertible equity share warrants on preferential basis to promoters :

1. Objects and background of the Issue : The purpose of the issue of convertible equity share warrants on preferential basis is to clear the existing liabilities, for working capital and to explore other business opportunities.

2. Relevant date and Pricing of the Issue

The 'relevant date' for the purpose of pricing of the equity shares, in accordance with the SEBI Regulations is 28th August, 2012 being the 30th day prior to 28th September, 2012. (i.e. the date on which the Annual General Meeting of the shareholders will be held, in terms of section 81(1A) of the Companies Act, 1956 to consider the proposed issue of equity shares on preferential basis)

"Pricing of the Issue" – The issue price of Rs10/- (Rupees Ten Only) arising out of the preferential issue of shares is in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and for the purpose of the above guidelines the relevant date would be 28th August, 2012

3. Intention of the subscribers to subscribe to the offer: The subscription to the equity is intended to strengthen financial capabilities of the company in view of the orders that the company is having. The subscription to shares will help the company's augmented resources for its working capital and related long term resources on the new activity.

4. Identity of the proposed allottees and percentage of post issued capital that may be held:

Name and address of the proposed allottees	No. of shares proposed to be allotted	Amount (In Rs.)	Existing shareholding in the company	Shareholding after the preferential allotment	% of shareholding by the post Preferential allotment of Equity Capital
J.S.R DURGA PRASAD	6,20,000	62,00,000	6,75,400	12,95,400	8.78%
TOTAL	6,20,000	62,00,000	6,75,400	12,95,400	8.78%

5. Shareholding pattern before and after the offer

Category code	Category of Shareholder	Pre Issue		Post Issue	
		Number of shares	% of shareholding	Number of shares	% of shareholding
(A)	Shareholding of Promoter and Promoter Group				
1	Indian	24,30,012	17.70	30,50,012	21.25
(a)	Individuals / Hindu Undivided Family				
(b)	Central Government / State Government(s)	0		0	
(c)	Bodies Corporate	0		0	
(d)	Financial Institutions / Banks	0		0	
(e)	Any Others (Specify)	0		0	
	Sub-total (A)(1)				
2	Foreign				
a	Individuals(Non-resident individuals/foreign Individuals)	0		0	
b	Bodies Corporate	0		0	
c	Institutions	0		0	
d	Any Others (Specify)	0		0	
	Sub-total (A)(2)	0		0	
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	2430012	17.70	30,50,012	21.25