

Board of Directors

J. S. R. Durga Prasad	Chairman
J. Murali Krishna	Managing Director
V. Umapathi	Director
Dr. G T Murthy	Director
B. Locabhiram	Director

Auditors:

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

Bankers:

Axis Bank Ltd
State Bank of India
State Bank of Mysore

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NOTICE

Notice is hereby given that the 15th Annual General Meeting of the members of VEDAVAAG SYSTEMS LIMITED will be held on 26th September, 2013 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, 2013 and Profit and Loss Account of the Company for the year ended 31st March, 2013 and Reports of the Directors' and Auditors' thereon.
2. To appoint Sri. G T Murthy 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 to fix their remuneration.

Special Business:

4. To consider and if thought fit to pass the following resolution as an Ordinary Resolution:
To appoint Sri. B. Locabhiram as Director liable to retire by rotation:

"RESOLVED THAT Sri. B. Locabhiram who was appointed as an Additional Director of the Company on 20.03.2013 under Articles of Association and who holds office until the date of ensuing Annual General Meeting under Section 260 of the Companies Act, 1956, be and is hereby appointed as Director of the Company."

Place: Hyderabad

Date : 28.05.2013

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. An explanatory statement pursuant to section 173(2) of the Companies Act, 1956, in respect of Special Business Item No 4 is annexed hereto.
3. The Share Transfer Register and Register of members of the Company will remain closed from 23th September, 2013 to 26th September, 2013 (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 and regularization of directors:

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

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

Sri B. Locabhiram retired from Bharat Electronics Limited as Sr. Dy. General Manager. He has good experience in electronics, marketing, general administration and Govt. Project management.

Place: Hyderabad
Date : 28.05.2013

By Order of the Board
J. Murali Krishna
Managing Director

Explanatory Statement

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

Item No. 4 :

Sri. B. Locabhiram was appointed as an Additional Director of the Company with effect from 20.03.2013, pursuant to provisions of Section 260 of the Companies Act, 1956.

As required by Section 257 of the Companies Act, 1956, a notice in writing has been received from a member signifying his intention to propose Sri. B. Locabhiram, as a Director of the Company along with necessary deposit amount.

Except Sri. B. Locabhiram, none of the other Directors of the Company are in any way concerned or interested in the Resolution.

Your Directors recommend the Resolution for your approval.

Place: Hyderabad

Date : 28.05.2013

By Order of the Board

J. Murali Krishna

Managing Director

DIRECTORS REPORT

The Directors have pleasure in presenting their 15th Annual Report together with the Audited Accounts for the financial year ended 31st March 2013.

FINANCIAL RESULTS:

Rs in Lakhs.

Particulars	2012-13	2011-12
Total Income	5062.66	2509.49
Profit before Interest, Depreciation and Taxation	871.20	744.08
Interest	20.17	22.33
Depreciation	475.18	596.57
Extraordinary Items	-	19.46
Profit before Taxation	375.85	105.72
Provision for Taxation	8.94	19.64
Profit after Taxation	366.91	86.08
Balance brought forward from previous year	540.55	454.47
Amount available for the appropriations	907.46	540.55
Surplus carried forward	907.46	540.55

BUSINESS OUTLOOK AND MANAGEMENT DISCUSSION:

Your directors are pleased to share with you that your company has completed fifteen years and showed a substantial progress in many of the parameters and crossed the turnover mark of Rs. 50 cr.

E-Governance Services:

The company continued to get good e-governance orders for projects such as national population register and biometric data collection for aadhar card generation and has a healthy order book position.

Financial Inclusion:

The company has entered into business correspondent arrangement with State Bank of Patiala in addition to the State Bank of India. As a state central agency for common service centers (CSC) the company got the mandate from Punjab National Bank and other public sector banks also for Financial Inclusion services. The company is progressing well in this direction.

Debtors Management:

The company has critically reviewed the quality of debtors and decided to write off those which are irrecoverable. The company maintained healthy operations, despite the write off and the huge working capital needs and hopes to improve the liquidity position further in this year.

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.1647.07 lakhs as compared to Rs.1280.15 lakhs in the previous year.

Dividend on Equity:

Your Directors do not recommend any appropriation towards dividend on Equity Share Capital for the year ended 31st March, 2013.

Fixed Deposits:

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

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 31st March, 2013, 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 as at the end of the financial year and of the profit of the company for the year under review.
- iii. That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- iv. That the directors have prepared the annual accounts on a 'going concern' basis.

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:

Cash Flow Statement for the year ended 31st March, 2013 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 17th, 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 2013-14 to the Bombay Stock Exchange Ltd.

CORPORATE GOVERNANCE:

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

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 up gradation of product and services development.

C. Foreign Exchange Income and Out go:

	Rs. in Lakhs	
Foreign Exchange	2012-13	2011-12
Income	58.93	84.37
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.

For & on behalf of the Board

Place: Hyderabad

J S R Durga Prasad

J Murali Krishna

Date : 28.05.2013

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	20
Non-Executive Promoter Directors	1	20
Independent Non-Executive Directors	3	60
Total	5	100

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	15500
2.	Sri G.T.Murthy	2500
3.	Sri. B. Locabhiram	—

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 2012-2013:

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 2012-13 on 10th May, 2012, 13th August, 2012, 31st August, 2012, 11th November, 2012, 13th February, 2013 and on 20th March, 2013.

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

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

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

Sri B. Locabhiram retired from Bharat Electronics Limited as Sr. Dy. General Manager. He has good experience in electronics, marketing, general administration and Govt. Project management.

Directors recommended the reappointment of above persons as Directors on the Board of the Company.