

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, Ameerpet,
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 16th Annual General Meeting of the members of VEDAVAAG SYSTEMS LIMITED will be held on 29th September, 2014 at 11.00 AM at FAPCCI, Surana Udyog Auditorium, Red Hills, Hyderabad – 500004 to transact the following business:

Ordinary Business:

1. To receive, consider, approve and adopt the audited Balance Sheet as on 31st March, 2014 and Profit and Loss Account of the Company for the year ended 31st March, 2014 and Reports of the Directors' and Auditors' thereon.
2. To appoint Sri J.S.R. Durga Prasad ((holding DIN No. 00016037) 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 Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

Special Business:

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

Re-appointment of Sri J. Murali Krishna as Managing Director of the Company:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V of the Companies Act, 2013 and subject to such other approvals and consents as may be required, the consent and approval of the Company, be and is hereby accorded to the re-appointment of Sri J. Murali Krishna (holding DIN Number 00016054) as Managing Director in the whole time employment of the Company for a period of five years with effect from 24.01.2014 on the terms and conditions, remuneration, commission, perquisites/ allowances as mentioned below:

- A. Salary : Rs.1,20,000/- per month and Variable pay of Rs.30,000/- per month.
- B. Commission : @ 1% on the net profits of the Company for each/every financial year.

Place: Hyderabad
Date : 30.08.2014

By order of the Board
Sd/
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. A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
3. The Share Transfer Register and Register of members of the Company will remain closed from 26th September, 2014 to 29th September, 2014 (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 form and in case of demat form 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. Voting through electronic means:
In compliance with provision 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 16th 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).
11. The Company has appointed Mrs. P. Renuka, Company Secretary in practice as scrutinizer for conducting the e-voting process for the Annual General Meeting in a fair and transparent manner.

12. The instructions for members for voting electronically are as under:-

In case of members receiving e-mail:

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "VEDAVAAG SYSTEMS LIMITED" from the drop down menu and click on "SUBMIT"
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) 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.
- (vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN*	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders 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 first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.

- (viii) After entering these details appropriately, click on “SUBMIT” tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding 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. Kindly note 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.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <VEDAVAAG SYSTEMS LIMITED> on which you choose to vote.
- (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) 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.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
 - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.

- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (B) The voting period begins on Monday, September 22, 2014 at 9.00 A.M and ends on Wednesday, September 24, 2014 at 6.00 P.M. 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) of 22nd August, 2014 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.

13. Brief resume of Directors proposed to be re-appointed is mentioned hereunder as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges.

Sri J.S.R. Durga Prasad: Sri J.S.R. Durga Prasad, FCA, AICWA aged 55 years, is the Promoter Director of the Company. He is the Proprietor of M/s. Durga Prasad Associates, Chartered Accountants and having experience in Taxation, project Finance and Audit. He was formerly with Navaratna Public Sector Undertaking – Bharat Heavy Electricals Limited.

Sri J. Murlai Krishna: Sri. J. Murali Krishna aged 53 years, is a Master in Business Administration from Jamnalal Bajaj Institute of Management Studies, Mumbai and Entrepreneur with extensive experience in the field. He is incharge of the affairs of the Management since inception of the Company and only the Managing Director (Promoter) at the Board level who expanded the activities of the Company.

Place: Hyderabad

Date : 30.08.2014

By Order of the Board

Sd/-

J. Murali Krishna
Managing Director

**STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013
("the Act")**

The following Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

Item No. 4 :

Sri J. Murali Krishna: Sri. J. Murali Krishna aged 53 years, is a Master in Business Administration from Jamnalal Bajaj Institute of Management Studies, Mumbai and Entrepreneur with extensive experience in the field. He is incharge of the affairs of the Management since inception of the Company and only the Managing Director (Promoter) at the Board level who expanded the activities of the Company.

Copy of the draft letter for appointment of Sri. J. Murali Krishna as Managing Directors setting out the terms and conditions are available for inspection by members at the Registered Office of the Company.

This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

Sri. J. Murali Krishna, Sri. J.S.R Durga Prasad and their relatives may be deemed to be interested in the resolutions set out at item no. 4 of the Notice, to the extent of their shareholding in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

The Board recommends the Special Resolution set out at Item No. 4 of the Notice for approval by the shareholders.

DIRECTORS REPORT

The Directors have pleasure in presenting their 16th Annual Report together with the Audited Accounts for the financial year ended 31st March 2014.

FINANCIAL RESULTS:

(Rs. in Lakhs)

Particulars	2013-14	2012-13
Total Income	6299.00	5062.66
Profit before Interest, Depreciation and Taxation	1055.32	871.20
Interest	10.92	20.17
Depreciation	666.26	475.18
Extraordinary Items	-	-
Profit before Taxation	378.14	375.85
Provision for Taxation	130.69	8.94
Profit after Taxation	247.45	366.91
Balance brought forward from previous year	907.46	540.55
Amount available for the appropriations	1154.91	907.46
Surplus carried forward	1154.91	907.46

BUSINESS OUTLOOK AND MANAGEMENT DISCUSSION:

Your directors are pleased to share with you that your Company has completed Sixteen years and achieved a turnover of Rs.63 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 Aadhaar Card generation and has a healthy Order Book position.

With the parliament elections and followed by government change of stand from UID to NPR and back we are impacted in the last quarter of the year under consideration and current year. However, the company is in the process of realigning all its resources and is confident of streamlining the operations in the current year to achieve performance more than last year.

Financial Inclusion:

The Company is associated with State Bank of India, State Bank of Patiala, Punjab National Bank, Central Bank Of India and Bank of Baroda and has transaction volumes of over Rs 400 Cr in the last year with an account holder base of over 5 lacs. The Company is aggressively pursuing this direction to expand its operations to other Hindi Speaking States apart from Bihar.

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.1891.59 lakhs as compared to Rs.1644.14 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, 2014.

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, 2014, 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:

The company is in the process of valuing the employee retirement benefits by actuarial valuation and shall provide for the same on completion of the assessment.

Reconciliation of customer/supplier accounts is a continuous ongoing process and any discrepancies shall be rectified in due course.

CASH FLOW STATEMENT:

A Cash Flow Statement for the year ended 31st March, 2014 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 2014-15 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.