

VEDAVAAG SYSTEMS LIMITED

(Formerly SARK Systems India Limited)

18th ANNUAL REPORT 2015-16

Board of Directors :

J. S. R. Durga Prasad

J. Murali Krishna

V. Umapathi

Dr. G.T. Murthy

B. Locabhiram

J. Sujata

Chairman

Managing Director

Director

Director

Director

Director

Auditors:

Mahesh, Virender and Sriram

Chartered Accountants

6-3-788-36 & 37 A

Durga Nagar Colony

Hyderabad 500 016

Bankers:

Axis Bank Ltd

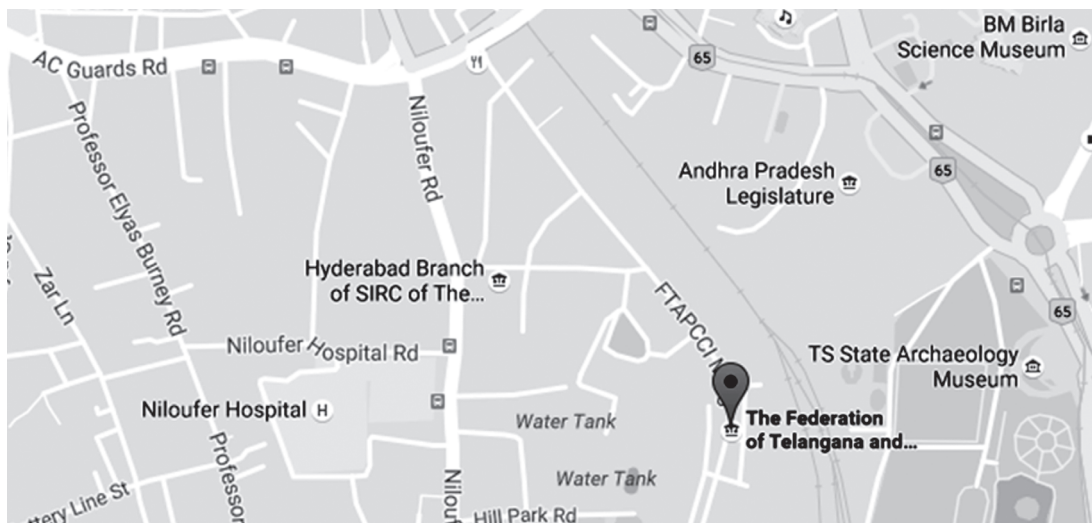
State Bank of India

State Bank of Mysore

Contents:

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

ROUTE MAP for AGM VENUE



NOTICE

NOTICE is hereby given that 18th Annual General Meeting of the Members of **VEDAVAAG SYSTEMS LIMITED** will be held on **21ST SEPTEMBER 2016**, at **SURANA UDYOG AUDITORIUM , FTAPCCI BHAVAN, REDHILLS , HYDERABAD** at **11.00 A.M** to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2016, statement of Profit and loss and Cashflow statement for the financial year ended March 31st 2016 and reports of Directors and Auditors thereon.
2. To appoint Dr.G.T.Murthy (DIN No. 02718132) who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Statutory Auditors and to fix their remuneration and in this regard to consider, and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution

“RESOLVED THAT pursuant to the provisions of Section 139 and all other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) and re-enactment thereof for the time being in force) and, the appointment of Statutory Auditors M/s Mahesh, Virender and Sriram, Chartered Accountants, (Firm Registration No.001939S) of Hyderabad be and is hereby appointed as Statutory Auditors of the Company.

Place : Hyderabad

Date : 12.08.2016

By Order of the Board of Directors

For VEDAVAAG SYSTEMS LIMITED

J. Murali Krishna

Managing Director

DIN : 00016054

NOTES :

1. A Member entitled to attend and vote at this Annual General Meeting (AGM) may appoint a proxy to attend and vote on a poll on his behalf. A proxy need not be a Member of the Company. Proxies, in order to be effective, must be received at the Registered Office of the Company not less than FORTY-EIGHT HOURS before the commencement of the AGM.
2. The Share Transfer Register and Register of Members of the company remain closed from 18th September, 2016 to 21st September 2016 (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. 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.
5. A Separate Report of compliance with the provisions relating to Corporate Governance as required by Clause 49 of Listing agreement with the stock exchange is enclosed in the annexure to the notice.
6. In case of Joint Holders attending the meeting , only such joint holder who is higher in the order of the names will be entitled to vote.
7. The Copy of Memorandum and Articles of Association of the company is available for inspection by members on any working hours of the company and also at the place of meeting till the conclusion of the meeting.
8. Retirement of directors by rotation.

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:

Profile of Sri. G.T.Murthy :

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.

9. Voting through electronic means

Pursuant to Section 108 of the Companies Act, 2013, read with the relevant Rules of the Act, the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on 15th day of September 2016 i.e. 3 days prior to the commencement of book closure date are entitled to vote on the Resolutions set forth in this Notice. The remote e-voting period will commence at 9.A.M. on **Sunday the 18th day of September 2016 and will end on Tuesday at 5.00 p.m. on 20th day of September.** The facility for voting through electronic voting system ('Insta Poll') shall be made available at the meeting and the members attending the

meeting who have not cast their vote by remote e-voting shall be able to vote at the meeting through 'Insta Poll'. The e-voting module shall be disabled by CDSL for voting thereafter. The Company has appointed Mrs. D. Renuka, Practising Company Secretary, to act as the Scrutinizer, to scrutinize the Insta Poll and remote e-voting process in a fair and transparent manner. The Members desiring to vote through remote e-voting refer to the detailed procedure given hereinafter.

- (i) The shareholders should log on to the e-voting website www.evotingindia.com.
- (ii) Click on Shareholders.
- (iii) 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, Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (iv) Next enter the Image Verification as displayed and Click on Login.
- (v) 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.
- (vi) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
	<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.
	<p>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.</p>
	<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 as mentioned in instruction (iv).

- (vii) After entering these details appropriately, click on "SUBMIT" tab.

- (viii) Members holding shares in physical form will then directly reach 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.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xi) 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.
- (xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiii) 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.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvi) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvii) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporate.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for 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.

- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xviii) 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.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

(xix) The results shall be declared on or after the AGM. The results along with the Scrutinizer's Report, shall also be placed on the website of the Company. In compliance with provisions 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 18th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by M/s. Venture Capital and Corporate Investments Private Limited

11. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of **15th day of September 2016**.
12. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or arrangements in which the directors are interested under Section 189 of the Companies Act, 2013, will be available for inspection at the AGM.
13. Relevant documents referred to in the accompanying Notice, as well as Annual Reports and Annual Accounts of the Company are open for inspection at the Registered Office of the Company, during the office hours, on all working days between 10.00 A.M. to 5.00 P.M. up to the date of Annual General Meeting.
14. The Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21 and April 29, 2011 respectively), has undertaken a 'Green Initiative in Corporate Governance' and allowed companies to share documents with its shareholders through an electronic mode. Members are requested to support this green initiative by registering/ uploading their email addresses, in respect of shares held in dematerialized form with their respective Depository Participant and in respect of shares held in physical form with the Company's Registrar and Share Transfer Agents.

By the order of the Board

Place : Hyderabad

Date : 12.08.2016

J. MURALI KRISHNA

Managing Director

DIRECTOR'S REPORT

Dear Members,

The Directors are pleased to present the 18th Annual Report for the year ended 31st March 2016.

FINANCIAL RESULTS:

(Rs In lakhs)

Particulars	2015-16	2014-15
Total Income	8358.38	6707.13
Profit before Depreciation and Tax	1360.89	1251.34
Depreciation	729.71	847.08
Extraordinary Items	-	-
Profit before Tax	631.18	404.26
Provision for Tax	93.39	114.29
Profit after Tax	537.79	289.97
Balance brought forward from previous year	1178.76	1154.91
Amount available for the appropriations	1716.55	1178.76
Surplus carried forward	1716.55	1178.76

BUSINESS OUT LOOK AND MANAGEMENT DISCUSSION

Your Directors are pleased to share with you that your company has completed Eighteen years and achieved a turnover of Rs.83.58 Crs during the year.

MANAGEMENT DISCUSSION & ANALYSIS:

Financial Inclusion:

Vedavaag has become the national Business Correspondent for State Bank of India apart from being BC for State Bank of Patiala. This new addition is expected to facilitate multifold growth in coverage area and volume of financial transaction services rendered by us.

We are facilitating servicing for over 20 lakh house holds spread across 1500 panchayats in the rural India. We are keen to enhance our service portfolio into other areas such as BFSI, health care, and retailing to leverage our rural reach.

E-Governance:

Vedavaag has been in the top 20 enrolment agencies in the country and facilitated Aadhar enrolment services for over 1.5Cr population. The company has been operating more than 500 permanent enrolment centers to facilitate service in the neighbourhood of the rural citizen.

The company is now participating in the Aadhar seeding program of the government to facilitate direct benefit to the citizen as per the government policy.

Acquisition of Synaptic Software, a rural primary agricultural cooperatives IT solution provider, Vedavaag is expanding its operations portfolio by acquiring a Primary Agricultural Cooperative Software and Implementation services company "Synaptic systems private limited". Synaptic has a proven ERP for PACS and has completed two audit cycles of implementation for over 100 PACs in AP. The company similarly received mandate from five PACs in Telangana to do the pilot.

Across India over 1 lakh PACs are functional and with average IT infra cost per PAC at Rs 5 lacs approximately, this is considered to be a Rs 5000 Cr niche market place to operate.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

SHARE CAPITAL:

The paid up Share capital of the company now stands at Rs.14,13,00,000 represented by 1,41,30,000 equity shares of Rs. 10/- each after exercise of option for conversion of FIVE lakhs equity warrants by the promoter issued to him earlier on preferential basis.

EXTRACT OF ANNUAL RETURN:

Pursuant to subsection 3(a) of section 134 and subsection (3) of section 92 of the companies act 2013 read with rule 12 of the companies (Management and administration) rules 2014 ,the extract of annual return as at 31st March 2016 forms part of this report as annexure.

RESERVES AND SURPLUS:

During the year under review the reserves and surplus stood at Rs. 2,453.22 Lakhs as compared to Rs.1,915.43 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 2016.

FIXED DEPOSITS:

The Company has not invited/accepted any fixed deposits.

DIRECTORS RESPONSIBILITY STATEMENT :

To the best of their knowledge and belief and according to the information and explanation obtained by them , your Directors make the following in terms of section 134(5) of companies act 2013.

- i) That in accordance with the preparation of the accounts for the financial year ended 31st March, 2016, 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 applies 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 the companies Act, 2013 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.
- v) The company maintains adequate internal controls in order to operate effectively.
- v) **PARTICULRS OF LOANS, GUARANTEES AND INVESTMENTS**

During the year under review the company did not give any loans nor provided guarantees nor made investments covered under the provisions of section 186 of the companies Act 2013.

RISK MANAGEMENT POLICY

The Board formulated and implemented Risk Management Policy for the Company which identifies various elements of risks which in its opinion may threaten the existence of the Company and measures to contain and mitigate risks. The Company has adequate internal control systems and procedures to combat the risk. The Risk Management procedures are reviewed by the Board on quarterly basis at the time of review of performance of the Company.

ANNUAL EVALUATION OF DIRECTORS, COMMITTEE AND BOARD:

A formal evaluation mechanism has been adopted for evaluating the performance of the Board as well as performance of Committees and individual Directors. Performance of all Directors and the Company has been carried out by way of structured evaluation process. Criteria for evaluation includes attendance and contribution at the meetings, preparedness for the meetings, effective decision making ability etc.

INTERNAL CONTROL SYSTEMS:

Adequate internal control systems commensurate with the nature of the Company's business, size and complexity of its operations are in place and have been operating satisfactorily. Internal control systems comprising policies and procedures are designed to ensure reliability of financial reporting, timely feedback on achievement of operational and strategic goals, compliance with policies, procedures, applicable laws and regulations and that all assets and resources are acquired economically, used efficiently and adequately protected.

DISCLOSURE UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 AND OTHER DISCLOSURES AS PER RULE 5 OF COMPANIES (APPOINTMENT & REMUNERATION) RULES, 2014:

The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year under review has been marked as Annexure II.

Information under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

The Company has constituted an Internal Compliant Committee under Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year, no complaint was made before the Committee.

CORPORATE SOCIAL RESPONSIBILITY POLICY

During the financial year, the CSR Provisions of the Company Act, 2013 have become applicable and the board has formed CSR Committee for defining the policy and future course of action.

RELATED PARTY TRANSACTIONS:

Related Party Transactions:

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of the business. There are no materially significant related party transactions made by the company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflict with interest of the company at large and thus disclosure in Form AOC-2 is not required.