



VEDAVAAG SYSTEMS LIMITED

Empowering e-Applications

Date: 07/09/2019

To,

The Corporate Relations Department

BSE LTD,

PJ Towers,

Dalal Street,

Mumbai-400021.

Sir,

Subject: Submission of Copy of the Annual Report 2018-2019 along with the Notice of 21st Annual General Meeting of Vedavaag Systems Limited Pursuant to Regulation 34 of the SEBI (Listing Obligation and Disclosure Requirements).

Pursuant to Regulation 34 of the SEBI (Listing Obligation and Disclosure Requirements) Regulation 2015, we submit herewith the Notice of 21st Annual General Meeting along with the copy of Annual Report for the Financial Year 2018-2019.

The 21st Annual General Meeting of the Company will be Held on Monday, 30th September 2019, at 11:30 A.M at The Federation of Telangana Chambers of Commerce and Industry (Formerly Known as FTAPCCI), Red hills, Hyderabad-500004.

Kindly take the above on your Record

Yours Faithfully

HimaBindu.D

Company Secretary

VEDAVAAG SYSTEMS LIMITED

21ST ANNUAL REPORT 2018-19

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VEDAVAAG SYSTEMS LIMITED**21ST ANNUAL REPORT 2018-19****BOARD OF DIRECTORS**

Mr. J. Murali Krishna	Managing Director
Mr. B. Locabhiram	Independent Director (Ceased to be Director from 30/03/2019)
Mr. J. S. R. Durgaprasad	Director (Ceased to be Director from 05/07/2018)
Mr. G. T. Murthy	Independent Director
Mr. Srinivas Pannala	Independent Director
Mrs. J. Sujatha	Woman Director

STATUTORY AUDITORS

M/s. PARY & CO,
Chartered Accountants
Flat No-403, Ameer Estate, Block-A
Beside ICICI Bank, SR Nagar,
Hyderabad-500 038.

BANKERS

Andhra Bank
Axis Bank Ltd
State Bank of India

SECRETARIAL AUDITOR

Mr. Ch.Veeranjaneyulu
M/s. VCSR & Associates
Company Secretaries
Hyderabad

REGISTRAR AND SHARE TRANSFER AGENT

M/s. Venture Capital and Corporate Investments Private Ltd
MIG-167, D. No. 12-10-167, Bharat Nagar Colony,
Hyderabad - 500 018.

NOTICE OF ANNUAL GENERAL MEETING

**To
The Members of
Vedavaag Systems Limited**

Notice is hereby given that the 21st Annual General Meeting of Your Company Vedavaag Systems Limited will be held on **30th September, 2019, Monday at 11:30 A.M.** at The Federation of Telangana Chambers of Commerce and Industry (Formerly Known as FTAPCCI), Red hills, Hyderabad-500004, to transact following Business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Standalone and Consolidated financial statements of the Company for the financial year ended 31st March, 2019 together with the reports of the Board of Directors and Auditors thereon.
2. To declare dividend on the Equity shares of the Company for the financial year 2018- 19.
3. To appoint a Director in place of Mrs. Sujatha Jonnavittula who retires by rotation and being eligible offers herself for reappointment .
4. To re-appoint M/s. PARY & Co as Statutory Auditors of the Company , to hold office from conclusion of 21st Annual General Meeting until the conclusion of 22nd Annual General Meeting and to authorize Board of Directors to fix their remuneration.

"RESOLVED THAT based on the recommendation of the audit committee and pursuant to the provisions Of section 139, 142 and all other applicable provisions of the companies Act 2013 read with companies (audit and auditor rules) 2014 and all other applicable rules made there under Companies Act 2013, M/s. PARY & Co be and are hereby re-appointed as statutory auditors to hold office from conclusion of 21st Annual General Meeting until the conclusion of 22nd Annual General Meeting on such terms and remuneration and expenses incurred in connection with the audit.

Date: 03-09-2019
Place: Hyderabad

By Order of the the Board of Directors
For VEDAVAAG SYSTEMS LIMITED

J. MURALIKRISHNA
Managing Director
DIN : 00016054

NOTES

1. A Member entitled to attend and vote at the Annual General Meeting (the "meeting" or "AGM")) is entitled to appoint a proxy to attend and vote in the poll instead of himself/herself and the proxy so appointed need not be a member of the Company.

A person can act as proxy on behalf of a maximum of fifty members whose aggregate holding does not exceed ten percent of the total share capital, carrying voting rights of the Company.

The proxy form, in order to be effective, must be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.

2. Corporate member(s) intending to send their authorized representative(s) to attend the meeting are requested to send to the Company a duly certified true copy of the Board Resolution pursuant to Section 113 of the Companies Act, 2013 (Act) authorizing their representatives to attend and vote on their behalf at the meeting.
3. Brief profile of Directors proposed to be appointed/re-appointed along with the names of the companies in which they hold directorships and memberships/chairmanships of Board Committees, shareholding and other details as required under Secretarial Standard-2 and Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is furnished and forms part of the notice.
4. The registers i.e. Register of Directors and Key Managerial Personnel and Register of Contracts or Arrangements maintained under Section 170 and Section 189 of the Act respectively will be available for inspection to the members at the meeting.
5. The register of members and share transfer books of the Company will remain closed from -24th September 2019, Tuesday to 30th September 2019, Monday (both days inclusive), for the purpose of determining the entitlement of the member to the final dividend for the financial year 2018-19, if declared at the meeting.
6. The final dividend, if declared, shall be paid on or before the October 28th , 2019 to those members whose names appear in the register of members as on record date i.e 23rd September 2019,Monday - as per details furnished by the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) in the case of shares held in dematerialized form.
7. The copies of the Annual Report 2018-19 including the notice of the 21st Annual General Meeting of the Company, inter-alia, indicating the process and manner of e-voting, attendance slip and proxy form are being sent by electronic mode to all the members whose e-mail addresses are registered with the Company/Depositories for communication purposes. For members who have not registered their e-mail address, the aforesaid documents are being sent in the permitted mode.

8. Members may also note that the notice of the 21st Annual General Meeting, proxy form and the Annual Report 2018- 19 shall be placed on the Company's website www.vedavaag.com. The physical copies will also be available at the registered office of the Company for inspection during normal business hours on working days.
9. The route map to the venue of the meeting is furnished herewith and forms part of the Notice.
10. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars and Share Transfer Agents, VentureCapital Investment private Limited cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the concerned Depository Participant by the members.
11. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts.
12. Members holding shares in physical form are requested
 - To advise any change in their address immediately to Venture Capital Investment Private Limited ("Registrar"), Hyderabad.
 - To update their Bank details already registered with the Company/Registrar, mandate form attached to this annual report may be filled and forwarded to the Registrar to enable the Company to remit the dividend through ECS.
 - To note that effective 05th December, 2018, SEBI mandated that the securities of the listed companies can be transferred only in dematerialized form. In view of the above and to avail the benefits of dematerialization, members holding shares in physical form are requested to dematerialize the shares held in physical form immediately.
13. To support the 'Green Initiative', members who have not registered their e-mail addresses so far are requested to register their e-mail address with RTA/Depositories for receiving all communication(s) including Annual Report, Notices, Circulars, etc. from the Company electronically.
14. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Registrar.

15. Members seeking any information with regard to the financial statements are requested to write to the Company at least 7 days before the meeting so as to enable the management to keep the information ready at the meeting.
16. Members are requested to handover the attendance slip, duly signed in accordance with their specimen signature(s) registered with the Company for admission to the meeting hall.
17. Voting through electronic means: In compliance with the provisions of Section 108 of the Act and Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time and the provisions of Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is providing e-voting facility to the members to exercise their right to vote on resolutions proposed to be passed in the meeting by electronic means. The members may cast their vote using an electronic voting system from a place other than the venue of the meeting ('Remote e-voting'). The Company has engaged the services of Central Depository Services (India) Limited (CDSL) as the authorized agency to provide e-voting facilities. Instructions for e-voting are given below.
18. Voting at AGM: The facility for voting through polling paper shall also be made available at the meeting and members attending the meeting who have not already cast their vote by e-voting shall be able to exercise their right to vote at the meeting. The members who have cast their vote by e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again at the AGM.
19. The Board of Directors has appointed Mrs. D.Renuka, Practicing Company Secretary, (Membership No. ACS 11963 & CP No.3460) as a Scrutinizer to scrutinize the remote e-voting process and poll at AGM in a fair and transparent manner.
20. The Scrutinizer shall, immediately after the conclusion of voting at the meeting, would first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two (2) witnesses not in the employment of the Company and make, not later than two (2) days from the conclusion of the meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, forthwith to the Chairman or a person authorized by the Chairman for counter signature.
21. The Results shall be declared by the Chairman or by an authorized person of the Chairman and the resolutions will be deemed to have been passed on the date of AGM, subject to receipt of requisite number of votes in favour of the resolutions.
22. After declaration of the results, the same shall be placed along with the Scrutinizer's Report(s) on the website of the Company www.vedavaag.com and communicated to BSE Limited where the shares of the Company are listed for placing the same on their website.

23. E-voting Instructions: The instructions and other information relating to e-voting are as under:

- a. Open your web browser during the voting period and log on to the e-voting website www.evotingindia.com.
- b. Now click on "Shareholders" to cast your votes.
- c. Now fill up the following details in the appropriate boxes

User ID For CDSL: 16 digits beneficiary ID
 For NSDL: 8 Character DP ID followed by 8 Digits Client ID
 For Physical shares: Enter Folio Number registered with the Company

- d. Next enter the Image Verification as displayed and click on Login.
- e. 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.
- f. If you are a first time user, follow the steps given below:

PAN	For Members holding shares in Demat Form and Physical Form Enter your 10 digit alpha-numeric PAN issued by the Income Tax Department.
	Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first two letters of their name in CAPITAL LETTERS followed by the last 8 digits of their Demat account number/Folio No., as the case may be, in the PAN field In case the Folio No. is less than 8 digits, enter the applicable number of 0s before the number after the first two characters of the name in CAPITAL letters e.g. If your name is Ramesh Kumar and Folio No. is 1, then enter RA00000001 in the PAN field.
Dividend Bank Details or Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records for the said folio. If both the details are not recorded with the Depository or Company please enter the member id / folio number in the Dividend Bank column.

- g. After entering these details appropriately, click on "SUBMIT" tab.
- h. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- i. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- j. Now select the Electronic Voting Sequence Number (EVSN) along with "Vedavaag Systems Limited" on the drop down menu and click on "SUMBIT".
- k. On the voting page, you will see "Resolution Description" and against the same the option "YES/NO" for voting. The option "YES" implies that you assent to the Resolution and Option "NO" implies that you dissent to the Resolution. Enter the number of shares (which represents number of votes) under "YES/NO" or alternatively you may partially enter any number in "YES" and partially in "NO", but the total number in "YES" and "NO" taken together should not exceed your total shareholding
- l. Click on the "RESOLUTION FILE LINK" if you wish to view the entire notice or resolution details. 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.
- m. You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- n. If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- o. Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- p. Note for Non - Individual Shareholders and Custodians
- q. Non-Individual shareholders (i.e. other than Individuals, HUF, N R I etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- r. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- s. 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.

- t. The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- u. 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.
- v. In case you have any queries or issues regarding remote e-voting, please write an email to helpdesk.evoting@cdslindia.com. Members can also refer to Frequently Asked Questions ("FAQs") available under the "HELP" section on www.evotingindia.com.

Other Instructions

- I. The remote e-voting will commence on 27th September 2019, Friday-(09:00 a.m. IST) and ends on -29th September 2019,sunday (5:00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form as on 23rd September 2019, Monday i.e. cut-off date may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the Member, he / she / it shall not be allowed to change it subsequently.
- II. The voting rights of the members shall be in proportion to the paid-up value of their shares in the equity capital of the Company as on the cut-off date i.e., 23rd September, 2019, Monday. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the Depositories as on the cut-off date 23rd September, 2019 shall only be entitled to avail the facility of remote e-voting and voting at the meeting through ballot.
- III. Any person who becomes a member of the Company after the dispatch of the notice of the meeting and holding shares as on the cut-off date i.e., 23rd Sepetmber 2019 may write to helpdesk.evoting@cdslindia.com or to the Company at info@vedavaag.com for User ID and password or follow the instructions in note no. 26 for casting their vote. If the member is already registered with CDSL e-voting platform then he can use his existing User ID and password for casting the vote through remote e-voting.

Notice for shareholders/investors for unpaid dividends

- i) Pursuant to the provisions of Sections 124 and 125 of the Companies Act, 2013, the amount of dividend remaining unclaimed for a period of seven years is to be transferred to Investor Education and Protection Fund. Information in respect of such unclaimed dividend when due for transfer to the said Fund is given below:

Financial Year	Date of Declaration of Dividend	Amount as on 31.03.2019 (In Rs.)	Due Date for transfer to IEPF
2016-17	02-09-2017	7,31,654	05-09-2024
2017-18	01-09-2018	6,39,411.5	03-09-2025

- ii) Members who have not encashed the dividend warrants so far in respect of the aforesaid periods are requested to send their claims, if any, to the company well in advance of the above due dates. Once the amounts in the unpaid dividend are transferred to the IEPF, no claim shall lie against IEPF or the company in respect thereof and the Members will lose their right to claim such dividend.

ADDITIONAL INFORMATION ON DIRECTORS RECOMMENDED FOR APPOINTMENT / RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING AS REQUIRED UNDER REGULATION 36 OF THE SEBI (LISTING REGULATIONS AND DISCLOSURE REQUIREMENT) REGULATIONS 2015.

PARTICULARS	Mrs. J. Sujatha
DIN	07014640
Date of Appointment	30/09/2015
Age	52
Qualification	Post Graduate in History
Brief Resume and expertise in specific Functional areas	Mrs. J. Sujatha is a Postgraduate in History and Diploma in Classical Music and is in Teaching Profession.
Relationship between Directors inter se [(As per Section 2(77) of the Companies Act, 2013 and Rule 4 of Companies (Specification of Definition Rules, 2014)]	Sister in law of Mr. J. Murali Krishna Managing Director of Vedavaag Systems Limited
Directorships in other companies	3
Chairmanship/Membership in other committees	2
Shareholding in the company	0.286 (as on 31st March 2019)
Last remuneration drawn	Rs. 24,000 sitting fees
No. of meetings of the board attended during 2018-2019	8

DIRECTOR'S REPORT

Dear Shareholders,

Your Directors have immense pleasure in presenting the 21st Director's Report of your Company together with the Audited Standalone and Consolidated Financial Statements for the year ended, 31st March, 2019.

FINANCIAL HIGHLIGHTS :

Rs. In Lacs

	Consolidated		Standalone	
	2019	2018	2019	2018
Total Income	7824.03	9210.29	6108.33	7492.59
Total Expenditure	6089.05	6648.99	4695.00	5737.10
Gross profit before depreciation and Tax	1734.98	2561.30	1413.33	1755.49
Depreciation	455.84	405.56	275.09	271.59
Profit Before tax	1279.14	2155.74	1138.24	1483.90
Provision for tax	268.14	493.17	225.86	308.06
Deffered Tax	11.93	163.83	10.11	127.60
Profit after tax	999.07	1498.74	902.27	1048.25

1) COMPANY'S PERFORMANCE :

As you are aware, your Company Provides customised Financial Inclusion, Insurance Service and other services at micro level. It delivers innovative solutions and in turn adds value to the business throughout all the segments. The Company delivers high quality products and services which help to leverage market opportunities and gain competitive advantage .

During the year the Company has Standalone total income of Rs 6108.33 as on March 2019 as against Rs 7492.59 as on March 2018 which shows decrease in revenue by 18.5%. The Company has earned Profit after tax for the Financial Year 2019 Rs 902.27 as compared to the previous year i.e March 31st 2018 Rs 1048.25 which shows decrease in profit 14%.

2) Dividend :

Based on the Company's Performance, the Directors have recommended a final Dividend of Rs. 1.00 per equity share. In terms of regulation 43 A of SEBI(Listing Obligation and Disclosure Requirement), the company has formulated its dividend policy.

3) Public Deposits :

Your Company has not accepted any deposits falling within the meaning of section 73 of the Companies Act 2013, read with Companies (Acceptance of Deposits) rules 2014 during the Financial Year.

4) Share Capital :

Your Company at its Extra Ordinary General Meeting held on 4th January 2017, has issued 1,00,00,000 Convertible Equity Warrants on Preferential basis to promoters and non-promoters at Rs 39 Per share. Your Company obtained in principle approval for the same as on 13th January 2017, the allotment for which was done on 18th January 2017.

According to SEBI ICDR regulation , the Warrants issued on Preferential basis to Promoters and Non-promoters are convertible in equity shares at any time before expiry of 18 months from the date of issue of warrants (i.e on or before 17th July 2018). Pursuant to which the Company has allotted 6,990,000 equity shares of Rs10 each with premium of Rs 29 after receipt of amounts from Promoters and Non-promoters namely, Mr. G. Kaladhar, Mr. M. Satya Sankar, Mr. P. Purushottam, Mr. S. Abheeshta, Mr. J. Muralikrishna and Mr. J. S. R. Durga Prasad during the year, whereby the Share capital of the Company as on 31st March 2019 stands at 22925000 shares of Rs 10 each.

5) Subsidiary Companies :

Your Company has three Wholly Owned Subsidiary Companies as on March 31st 2019, namely VSL Data Systems Private Limited, Vagdevi Sark Edutech Private Limited, Vedavaag Common Service Centres Private Limited.

Pursuant to Provisions of section 129 (3) of the Companies Act 2013, a statement containing the salient features of Financial statements of the company's Subsidiaries in the form AOC-1 is Annexed (Annexure-1) to this report.

6) Directors' Responsibility Statement :

Pursuant to the requirement under Section 134 (5) of the Companies Act, 2013, your Directors confirm as under:

- I. In the preparation of the annual accounts, the applicable accounting standards read with requirements set out under Schedule III to the Companies Act, 2013 have been followed and there are no material departures from the same.
- II. 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 your Company at the end of the financial year ended 31st March, 2019 and the Profit of the Company for the year under review.

- III. 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.
- IV. The Directors have prepared the annual accounts on a 'going concern' basis.
- V. The Directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and operating effectively.
- VI. The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

7) Directors and Key Managerial Personnel :

Pursuant to provisions of section 149 of the companies Act 2013, the Independent Directors have submitted a Declaration, that each of them meet criteria of Independence as provided under Section 149(6) of the Act along with Rules framed there under and Regulation 16(1)(b) of the Securities Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations 2015.

Mrs. J. Sujatha who retires by rotation and being eligible offers herself for re-appointment. A Resolution seeking her re-appointment forms part of notice.

8) Number of Board Meetings :

Twelve Board Meetings were held during the year of review. For details of meetings please refer to the Corporate Governance Report (Annexure 7) which is part of this report.

9) Board Evaluation and Assessment :

Pursuant to the provisions of the Act, and Regulation 17 of SEBI (LODR) Regulations, 2015, the Board had carried out an annual evaluation of the Directors individually and of the committees of the Board by seeking the inputs of Directors on various aspects of the Board/ Corporate Governance. The Board has reviewed the performance of Individual Directors and Chairperson.

The performance of the committees was evaluated by the Board after seeking inputs from the committee Member on the basis of criteria such as compositions of committees , effectiveness of committee Meetings.

10) Policy on Directors appointment and remuneration :

The company's policy on Director's appointment and remuneration and other matters provided under section 178(3) of the act has been disclosed in the Corporate Governance Report (Annexure 7).

11) Internal Controls :

The company's internal control system has been established on the values of integrity and operational Excellence. The company's Internal control system is periodically tested and supplemented by extensive program.

Financial propriety of business transactions.

- Safeguarding the assets of the Company.
- Compliance with prevalent statutes, regulations, management authorization, policies and procedures.

The Audit Committee of the Board periodically reviews audit plans, observations and recommendations of the internal and external auditors, with reference to the significant risk areas and adequacy of internal controls and keeps the Board of Directors informed of its observations, if any, from time to time .

12) Audit Committee :

The details pertaining to composition of audit committee and all other committees are included in Corporate Governance Report which is in part (Annexure 7) of the report.

13) Auditors :

At the 20th Annual General meeting of the Company M/s. PARY & CO were appointed as Statutory Auditors of the Company for one year i.e., till conclusion of 21st AGM, the same auditors have been proposed to be re-appointed as statutory auditors to hold office from conclusion of 21st Annual General Meeting until the conclusion of 22nd Annual General Meeting.

14) Secretarial Auditors report :

The Secretarial Audit Report is attached in the Annexure-4.

Replies to the Secretaril Audit Report :

- a) The Company is in the process of opening new listing application for the rejected cases.
- b) The Company is in the processes of finding suitable projects for spending remaining CSR amount.

15) Corporate Social Responsibility :

A brief outline of the Corporate Social responsibility (CSR) policy of the Company and the initiatives taken by the Company on CSR activities during the year under review are set out in

(Annexure-6) of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) rules, 2014.

16) Conservation Of Energy, research and Development, Technology Absorption, Foreign exchange Earnings And Outgo :

Information on conservation of Energy, Technology absorption, Foreign Exchange earnings and outgo required to be disclosed under Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 are provided hereunder:

1. Conservation of Energy : The operations of the company involve low energy consumption, adequate measures have been taken to conserve energy
2. 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 service development.
3. Conservation of Energy, Technology Absorption & Foreign Exchange earnings and outgo : Nil.

17) Management Discussion and Analysis :

Pursuant to the provisions of Regulation 34 read with schedule 5 of the SEBI(Listing Obligation and Disclosure Requirement) regulation 2015, a report on Management Discussion and Analysis is enclosed as Annexure -3.

18) Particulars of Loans , Guarantees and Investments :

The particulars of loans, guarantees and Investments have been disclosed in the financial statements.

19) Related party Transactions :

All the related party transactions entered by the Company during the financial year 2018-2019 were in compliance of section 188 of the companies Act 2013, and rules framed there under, there are no material contracts or arrangements or transactions at arm's length basis.

All the related party transactions were placed before audit Committee for their prior approval in accordance with the requirement of SEBI LODR .The transactions entered are periodically placed before audit committee for review.

There are no materially significant related party made by the Company with promoters, directors an key managerial personnel , which may have a potential conflict with the interest of company at large. Please refer Annexure-2.

20) Extract of Annual Return :

As per the requirement of section 92(3) of the Act and rules framed there under, the extract of annual return for the financial year 2019 is given in (Annexure -5) in the prescribed form no MGT-9 which is part of the report.

21) Particulars relating to the sexual harassment of women at work Place (Prevention, Prohibition and redressal) Act 2013.

Your Company has always provided a safe, harassment free workplace for every individual through its various policies and practices . The company always endeavours to create and provide an environment that is free from discrimination and harassment .

22) Corporate Governance :

Your Company understands the significance related to Corporate Governance Report . A report on Corporate Governance pursuant to provisions of Corporate Governance code stipulated under SEBI Listing Obligations and Disclosure Requirements forms part of Annual report. Details of various Board Committees are also provided along with Auditor Certificate regarding compliance and condition of Corporate Governance is enclosed in Annexure -7.

23) Whistle Blower Policy :

The Company has formulated Whistle Blower Policy in terms of section 177(9) of the Companies Act 2013 the details of which are provided In Corporate Governance Report.

24) CEO/CFO certification :

Pursuant to Provisions of Regulation 17 of SEBI (LODR) regulations, 2015,a declaration by Managing Director of the Company declaring that all the members of the Board and senior management Personnel of the Company have affirmed compliance with code of conduct of the company.

25) Acknowledgements :

The Directors thank the Company's Employees, Customers, Vendors, Investors and Bankers for their continuous support.

Your Directors wish to place on their record deep sense of appreciation for the committed services of the associates of the Company at all levels.

Date : 03-09-2019

Place : Hyderabad

By Order of the the Board of Directors

For VEDAVAAG SYSTEMS LIMITED

J. MURALI KRISHNA

Managing Director

DIN : 00016054

ANNEXURE'S TO BOARD REPORT

(ANNEXURE-1)

Statement Containing the Salient features of Financial Statements of subsidiaries/associate companies

Sl. No.	Name of Subsidiary	Financial period ended	Date of acquisition/ Incorporation	Share Capital	Total Assets	Total Liabilities (excluding share capital reserves and surplus)	Investments	Turn over	Profit and loss before taxation	Provision for taxation	Profit and Loss After taxation	% of Rs. in share holding
1	VSL Data Systems Private Limited	March 31 st 2019	January 07 th 2017	700	3202.41	1847.16	0	1715.70	140.90	42.27	96.81	100
2	Vagdevi Sark Edutech Private Limited	31 st March 2019	16 th April 2010	1	145.47	144.47	0	0	0	0	0	100
3	Vedavaag common services private Limited	March 31 st 2019	26 th October 2007	1	220.50	219.50	0	0	0	0	0	100

Annexure-2 Form AOC-2

Details of Related party Transactions

(Pursuant to clause 2(h) of subsection (3) of section 134 of the Companies Act 2013 and Rule 8(2) of the Companies (accounts) rules, 2014)

Form for disclosure of particulars of contracts/ arrangements entered by the Company with related parties Referred to in subsection (1) of section 188 of the Companies Act 2013, including certain arm's length transactions under third provision thereto.

1. Details of contracts or arrangement or transactions at arm's length basis: Vedavaag Systems Limited (the Company), has not entered in to any contract /arrangement / transaction with its related parties which is not in ordinary course of business and at arms length during the financial year 2019.

- A) Name(s) of the related party and nature of relationship's Data Systems Private Limited, Vagdevi Sark Edutech, Vedavag Common Service Centers Private Limited, Vangmaya Foundation.
- B) Nature of contract/arrangements/transactions: Not applicable
- C) Salient terms of the contract or arrangements or transactions including value if any: Not applicable
- D) Justification for entering into such contracts of arrangements or transactions: Not applicable
- E) Date(s) of approval of the Board : Not applicable
- F) Amount of advances, if any:

Name of the Company	Advances in Rs
VSL Data Systems Private Limited	17,74,47,205
Vagdevi Sark Edutech Private Limited	1,44,47,215
Vedavaag Common Services Private limited	2,19,50,000

- G) Duration of contract/ arrangements/transactions: Not applicable
- H) Date of special resolution was passed in general meeting as required under first provision of section 188-Not applicable.

2. Details of contracts or arrangement or transactions which are not on arm's length basis:

- A) Nature of Related party and nature of relationship: Not applicable.
- B) Nature of Contracts /Arrangements /transactions: Not applicable
- c) Duration of contracts/arrangements/transactions: Not applicable
- D) Salient terms of the contract or arrangements or transactions including value if any
- E) Date(s) of approval of the Board: Not Applicable.
- F) Amount of advances, if any :none

Note : All related party transactions are benchmarked on arms length ,approved by audit committee and Reviewed by statutory auditors .

Annexure-3**MANAGEMENT DISCUSSION AND ANALYSIS REPORT****Citizen Services – FI Services :**

Vedavaag has firmly positioned itself in the segment of Financial Inclusion services over a period of its presence in citizen services. Approximately 40% of the company's turnover is contributed by FI services.

"FI refers to delivery of banking services to masses including privileged and disadvantaged people at an affordable terms and conditions. Financial inclusion is important priority of the country in terms of economic growth and advancement of society. It enables to reduce the gap between rich and poor population. In the current scenario financial institutions are the robust pillars of progress, economic growth and development of the economy.

When the first Global Findex Database was released by the World Bank in 2011, it stated that 40% of adult Indians had a bank account. An overwhelming majority of Indians, especially in rural areas, were financially weak and were effectively excluded from the formal economy. Seven years later, almost 80% of adult Indians have bank accounts, according to the Global Findex Database published in April 2018.

Powering this dramatic rise has been a series of financial inclusion measures launched by the government. These include Aadhar, a biometric database that provides a unique identity to each Indian citizen; no-frills savings bank accounts called Jan Dhan; the direct transfer of social benefit payments into these Jan Dhan accounts; and a digital payment infrastructure called BHIM.

Since PMJDY inception, 35 crore new accounts have been opened and over Rs. 96,000 crore has been deposited by the newly banked people in the formal banking system. The number of operative PMJDY accounts has increased from 17.01 crore on March'17 to 27.54 crore on March'19. There are 53% women Jan-Dhan account holders and 59% Jan-Dhan accounts are in rural and semi-urban areas."

The company is rendering Business Correspondent(BC) services for SBI since 2011-12 and now entered into an agreement with Yes Bank also to render services such as utility bill payments, funds transfers, withdrawal and deposit services. During the current year the company expects to firm with Bank of Baroda also to render BC services.

Citizen Services - Health & Hygiene

The company is entering into health and hygiene services for rural India leveraging its reach and points of presence in Rural India. The Company has setup over 25 RO plants in rural india under the brand name VEDA JAL on pilot basis and find them a viable business option although the margins will be lesser since water is an essential commodity and customer is rural citizen.

There is a severe lack of availability of safe drinking water in rural areas. While some villages may have municipal water supply, many still depend on groundwater supply. Unfortunately, both these sources are unfit for consumption. Use of fertiliser in irrigation and other activities like mining has polluted the groundwater supply in these areas. Even sources like rivers face heavy pollution near human habitats like villages.

It is estimated that more than 96 million people in India have no access to clean drinking water. According to the international NGO WaterAid, over 186,000 children who are less than five-years-old die due to diarrhoea related causes. The chief reason behind this is the lack of safe drinking water. The heavily polluted water and ignorance of sanitary practices has brought about severe rural health crisis. Fluoride, arsenic, nitrate, and other chemicals in drinking water pose significant health risks (such as fluorosis and arsenicosis) to our population. According to government data (2016), about 21 million people in over 23,500 habitations were affected by arsenic and fluoride contaminated groundwater.

The accumulated effect of economy is also considerable. The result of bad health on a rural economy can be crippling. With limited access to quality healthcare and heavy dependence on physical labour, this has immediate and severe economic consequences.

The company intends to expand this business by promoting RO plant installation at every point it is rendering FI services.

Telecom Infra, E-Governance and IOT Projects:

Though some of the large projects are under discussion for subcontracting, firm decisions have not been taken to pass over the elections and resultant delays in payment that may happen during that time. It is felt prudent to delay some of these decisions. During the current year most of these are expected to turn positive and get grounded.

Annexure-4**SECRETARIAL AUDIT REPORT**

[Pursuant to Section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel Rules, 2014)]

To

The Members,

VEDAVAAG SYSTEMS LIMITED

(CIN: L72200TG1998PLC029240)

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. VEDAVAAG SYSTEMS LIMITED (CIN: L72200TG1998PLC029240)**, (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the **M/s. VEDAVAAG SYSTEMS LIMITED** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit. We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31/03/2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. VEDAVAAG SYSTEMS LIMITED ("the Company") for the financial year ended on 31/03/2019 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made there under;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
 - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- vi. Other Laws applicable to the Company
- Other Laws applicable specifically to the Company namely:
1. Information Technology Act, 2005 and the Rules made there under,
 2. Software Technology Parks of India Rules made there under,
 3. The Trade Marks Act, 1999.

We have also examined compliance with the applicable clauses of the following;

- I. Secretarial Standards issued by The Institute of Company Secretaries of India
- II. The Listing Agreements entered into by the Company with Bombay Stock Exchange(s) if applicable;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc mentioned above subject to the following observations:

- The Company is required to appoint Chief Financial Officer as per the provisions of Section 203 of the Companies Act, 2013 and the relevant rules made there under. However the company has appointed Chief Financial Officer on 24.04.2019.
- The Company has not completely spent the CSR Amount during the year as per the provisions of the Companies Act, 2013, which is required to be done, .
- The promoters of the company have to comply the Regulation 3(1) and Regulation 3(2) of SEBI SAST regulation 2011.

- The company has allotted shares through the conversion of convertible securities during the year. The Company has filed the applications for listing of shares. The listing applications have been rejected by the BSE. The company is in the process of rectifying and filing of the documents for listing approvals.

We further report that

- a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- c) Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has no specific events/ actions which have a major bearing on the company's affairs in pursuance of the laws, rules, regulations and guidelines, standards which are applicable to the company and as referred above.

Date : 14-08-2019

Place : Hyderabad

For VCSR & Associates

Company Secretaries

(Ch. Veeranjanyulu)

Partner

CP No. 6392

Note : This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

ANNEXURE - A

To,

THE MEMBERS

M/S VEDAVAAG SYSTEMS LIMITED

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on their secretarial records based on our Audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records.
The Verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices followed provide a reasonable basis for our opinion.
3. The correctness and appropriateness of the financial records and Books of accounts of the company have not been verified.
4. Wherever required, we have obtained the Management representation about the compliances of laws, Rules, Regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other, applicable laws, rules, regulations, standards is the responsibility of the management. Our examination is limited to verification of procedure on random test basis.
6. The Secretarial Audit is neither an assurance as to future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Hyderabad

Date: 14/08/2019

**For VCSR & Associates
Company Secretaries**

(Ch. Veeranjanyulu)
Partner
CP No. 6392

Annexure-5 MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31/03/2019

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- | | |
|--|--|
| I CIN | : L72200TG1998PLC029240 |
| II Registration Date | : 16/04/1998 |
| III Name of the Company | : Vedavaag Systems Limited |
| IV Category/Sub-category of the Company | : Public Company , Limited by shares ,
Company Having share Capital |
| V Address of the Registered office &
contact details | : 1-90-8/13,B Block, 103,
Siri sai orchid ,Hitech City, Madhapur,
Hyderabad |
| VI Whether listed company | : Yes |
| VII Name , Address & contact details of the
Registrar & Transfer Agent, if any. | : M/s. Venture Capital and Corporate
Investments Private Limited , MIG 167,
Bharat Nagar colony , Hyderabad. |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated.

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1.	IT Sales and Services	620	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
1	VSL Data Systems Private Limited -	U72900TG2001PTC035997	Subsidiary	100	Section 2(78)
2	Vagdevi Sark Edutech Private Limited	U72200TG2010PTC069782	Subsidiary	100	Section 2(78)
3	Vedavaag Common Service Centers Private Limited	U74140TG2007PTC056084	Subsidiary	100	Section 2(78)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) :

i) Category-wise Share Holding

Category of Share Holders	No. of Shares held at the beginning at the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
1) Indian									
a) Individual/HUF	32,74,279	-	32,74,279	20.54	82,49,279	-	82,49,279	35.98	14.98
b) Central Govt.									
c) State Govt.	-	-	-	-					-
d) Bodies Corporate	-	-	-	-					
e) Bank/FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
SUB TOTAL:(A) (1)	32,74,279	-	32,74,279	20.54	82,49,279	-	82,49,279	35.98	14.98
2) Foreign									-
a) NRI- Individuals									
b) Other Individuals					-	-	-	-	-
c) Bodies Corp.					-	-	-	-	-
d) Banks/FI									
e) Any other...									
SUB TOTAL (A) (2)									
Total Promoter Shareholding									
(A)= (A)(1)+(A)(2)	32,74,279	-	32,74,279	20.54	82,49,279	-	82,49,279	35.98	14.98
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIS	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (FPI)									
SUB TOTAL (B)(1)									

Category of Share Holders	No. of Shares held at the beginning at the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
2. Non Institutions									
a) Bodies Corp. (India)									
Bodies Corp. (overseas)	-	-	-	-	-	-	-	-	-
b) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs.1 lakhs	38,59,469	529,935	43,89,404	27.5	39,33,826	436,035	43,69,861	19.06	(8.35)
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	66,26,133	125,000	67,51,133	42.37	67,186,20	20,15,000	87,33,620	38.09	(4.28)
c) Any other (Specify) NRIs	15,20,184	-	15,20,184	9.53	15,72,240		15,72,240	3.604	(4.806)
Clearing Members									
HUF									
SUB TOTAL (B)(2):									
Total Public Shareholding (B) = (B)(1) + (B)(2)	12,005,786	654,935	12,660,721	79.45	12,224,686	2,451,035	14,675,721	64.01	(15.35)
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	15,280,065	654,935	15,935,000	100	20,473,965	2,451,035	22,925,000	100	

ii. Shareholding of Promoters

Sl. No.	Share Holder's Name	Share holding at the beginning of the year			Share holding at the end of the year			% Change in Share holding during the year
		No. of shares	% of total Shares of the company	% of shares pledged encumbered to total shares	No. of shares	% of total Shares of the company	% of shares pledged encumbered to total shares	
1	Mr. J.S.R. Durga Prasad	16,09,960	10.10	-	35,84,960	15.64	-	5.3
2.	Mr. J. Murali Krishna	15,98,712	10.03	-	45,98,712	20.05	-	10.02
3	Mrs. J. Sujatha	65,697	0.41	-	65,607	0.286	-	(0.124)

iii. Change in Promoters' Shareholding

Sl. No.		Share holding at the beginning of the year		Date wise Increase/ Decrease	No. Shares	Reasons for increase/ decrease	Cumulative Share holding	
		No. of shares	% of Total Shares of the company				No. of shares	% of Total Shares of the company
	For Each of the Directors and KMP							
1.	Mr. J. Murali Krishna	15,98,712	10.03	07/06/2018	17,75,000	Conversion of warrants	33,73,712	18.67
		-	-	30/06/2018	1,25,000	Conversion of Warrants	34,98,712	17.13
				07/07/2018	6,80,000	Conversion of warrants	41,78,712	18.65
				17/07/2018	4,20,000	Conversion of warrants	45,98,712	20.05
2.	Mr. J. Durgaprasad	16,09,960	10.10	15/06/2018	6,50,000	Conversion of Warrants	22,59,960	12.01
				30/06/2018	12,25,000	Conversion of warrants	34,84,960	17.06
				17/07/2018	1,00,000	Conversion of warrants	35,84,960	15.64
3.	Mrs. J. Sujatha	65,607	0.412					0.29

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No	Particulars	Share holding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of Total Shares of the Company	No. of shares	% of Total Shares of the Company
1.	Mr. K. Vijay Kumar	10,00,000	6.25	10,00,000	4.362
2.	Mrs. Janaki Lakshmi Rayaprolu	4,12,800	2.59	29,800	0.13
3.	Mr. Rayapuraju Ravikumar Rao	3,79,386	2.38	4,55,487	1.986
4.	M/s. Alanta International Limited	3,00,562	1.886	2,45,176	1.069
5.	Mr. Murali Mohan Pannala	2,05,000	1.29	2,05,000	0.894
6.	Mr. Narashima Raju Gottamukula	2,02,000	1.27	2,02,000	0.88
7.	Mr. Gadiyaram Kaladhar	2,36,300	1.48	4,50,000	1.962
8.	Mr. S. Abheesta	2,00,000	1.26	15,00,000	6.54
9.	Mrs. Suguna	2,00,000	1.26	2,00,100	0.872
10.	KLK Electrical Limited	2,00,000	1.26	2,00,000	0.872

(v) Shareholding of Directors:

Sl. No		Share holding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of Total Shares of the Company	No. of shares	% of Total Shares of the Company
	For Each of the Directors and KMP				
1.	Mr. J. S. R. Durga Prasad	1,60,9960	10.10	35,84,960	15.64
2.	Mr. J. Murali Krishna	15,98,712	10.03	45,98,712	20.06
3.	Mrs. J. Sujatha	65,607	0.41	65,607	0.286
4.	Mr. Srinivas Pannala	-	-	-	-
5.	Mr. G.T. Murthy	-	-	-	-

V) INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)				
Change in Indebtedness during the financial year				
- Addition	-			
- Reduction	-			
Net Change	-			
Indebtedness at the end of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL :
A. Remuneration to Managing Director, Whole-time Directors and / or Manager

Sl.No.	Particulars of Remuneration	Name of MD Mr.J.Murali Krishna	Total Amount
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	4,800,000	4,800,000
	(b) Value of perquisites u/s 17(2) of Income Tax Act, 1961	-	-
	(c) Profit in lieu of salary u/s 17(3) of Income Tax At, 1961	-	-
2.	Stock option	-	-
3.	Sweat Equity	-	-
4.	Commission		
	- as % of profits	902,266	902,266
	- others	-	-
5.	Others	-	-
	Total A	5,702,266	5,702,266

B. Remuneration to other Directors :

Sl. No.	Particulars of Remuneration	Name of Directors					Total
		Mrs. J. Sujatha	Mr. Srinivas Pannala	Mr. G.T. Murthy	Mr. J.S.R. Durga Prasad	Mr. Locabhiram	
1.	1. Independent Directors o Fee for attending board / committee meetings o Commission o Others	24,000	21,000	27,000	18,000	21,000	111,000
	Total (1)	24,000	21,000	27,000	18,000	21,000	111,000

C. Remuneration to Key Managerial Personnel other than MD

Sl.No.	Particulars of Remuneration	KMP	Total amount
1.	Gross salary	360,000	360,000
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		
	(b) Value of perquisites u/s 17(2) of Income Tax Act, 1961		
	(c) Profit in lieu of salary u/s 17(3) of Income Tax At, 1961		
2.	Stock option	-	-
3.	Sweat Equity	-	-
4.			
	- as % of profits	-	-
	- others	-	-
5.	Total	360,000	360,000

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

Annexure-6

CSR Report

1. A Brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web link to the CSR policy and project or programs.

The guiding principle of Vedavaag Systems Limited is to grow and let's grow.

Your Company voluntarily Corporate Social Responsibility Policy and the same was revised in accordance with the provisions of Companies Act, 2013 and rules made there under.

- a) The Company under its CSR policy, affirms its commitment of seamless integration of marketplace, workplace, environment and community concerns with business operations by undertaking following activities / initiatives that are not taken in its normal course of business and/or confined to only the employees and their relatives and which are in line with the broad-based list of activities that are set out under schedule VII of the Companies Act 2013 and Rules.
 - i) To Organise or help organize through business association/ social worker/ educational institution, health camps/ awareness, literacy or education programmes / sponsorships or such other awareness/initiative in the locality, villages etc that are deprived of such facilities.
 - ii) To take measures for optimum utilization of resources, pollution control and adopting cleaner environment/ environment friendly technologies and spread awareness of the same amongst employees and others.
 - iii) To create fund over a period of time for the purpose of helping or giving grants or donation either directly or through agency to the underprivileged or to those distressed in the event of natural calamity or major mishaps.
 - iv) To undertake such initiatives/ projects or participate in any events as the CSR Committee / Board may consider appropriate.
 - v) To contribute to the funds set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women.
- b) The Board of Directors has constituted the CSR Committee and the scope of the CSR Committee includes formulation and recommendation to the Board, a Corporate Social Responsibility Policy, to recommend the amount of expenditure to be incurred on the CSR activities, to monitor the Corporate Social Responsibility Policy of the Company from time to time, to determine the implementation process and modalities of utilization of funds for undertaking CSR initiatives whether on annual basis or long term basis either by self-execution through Social Development cell consisting of

senior officials of the Company appointed by the Managing Director for CSR implementation or otherwise as prescribed under the Companies (Corporate Social Responsibility Policy) Rules, 2014, etc.

2 The Composition of the CSR Committee

- | | |
|--------------------------|----------------------------|
| a) Mr. J. Murali Krishna | Managing Director-chairman |
| b) Mr. Srinivas Pannala | Independent Director |
| c) Mr. G.T. Murthy | Independent Director |

3. Average net profit of the Company for last three financial years.

Financial Year	Profit before Tax (Amount in(Rs.))	Net profit computed u/s 198 and adjusted as per rule 2(1)(f) of Companies (CSR Policy) Rules, 2014
2017-2018	14,83,90,319	14,83,90,319
2016-2017	12,37,70,105	12,37,70,105
2015-2016	6,31,17,949	6,31,17,949
Average net profit for last 3 F.Y.	11,17,59,458	11,17,59,458

4. Prescribed CSR Expenditure (2% of the amount as in item 3 above).

Rs. 22,35,189 for the year 2017-2018

Rs. 9,42,387 for the year 2016-2017

Rs. 7,72,169 for the year 2015-2016

5. Details of CSR spent during the financial year:

Particulars	Amount(Rs.)
a. Total amount to be spent	39,49,745
b. Amount Spent	13,15,151
c. Amount unspent(a)-(b)	26,34,594

Manner in which the amount spent during the financial year is detailed below

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	CSR project or activity Identified.	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads:	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency *
1	RO Water Plants	Health care	Pan India-Initiative		9,29,980	9,29,980	direct
2	Sanitary pads	Health care	Pan India-Initiative		2,08,521	2,08,521	direct
3	Education	Education	Pan india-Initiative		36,650	36,650	direct

Give details of implementing agency:

self

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the reasons for not spending the amount in its Board report.

The Company is in the process of identifying the suitable projects for the remaining CSR spending.
--

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

The CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Sd/- J. Murali Krishna	Sd/- (Chairman CSR Committee)	(Person specified under clause (d) of sub-section (1) of section 380 of the Act) (Where applicable)
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Annexure-7

CORPORATE GOVERNANCE REPORT

Corporate Governance is about the internalizing and manifesting the firm's commitment to the adoption of best practices across the Company to deliver value in it all dealings. Effective Corporate Governance practices Constitute a strong foundation on which the successful enterprise is built .

Your Company strongly believes that good Corporate Governance is pillar for any commercial business to built and last. The Company philosophy on Corporate Governance oversees business strategies and ensures fiscal accountability, ethical corporate behaviour and fairness to all stakeholders .

Company's philosophy on code of governance:

The Company is in compliance with the requirements stipulated under Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), as applicable to corporate.

Board of Directors:

- i.** As on 31st March, 2019, the Company has Four Directors. Of the Four Directors, 3 (i.e. 75 percent) are Non-Executive Directors out of which 2 (i.e. 50 percent) are Independent Directors. The composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations read with Section 149 of the Act.
- ii.** None of the Directors on the Board holds directorships in more than ten public companies. None of the Independent Directors serves as an Independent Director on more than seven listed entities. Necessary disclosures regarding Committee positions in other public Companies as on 31st March, 2019 have been made by the Directors. None of the Directors is related to each other except Mr. J. Murali Krishna and Mrs. J. Sujatha.
- iii.** Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act along with rules framed there under. In terms of Regulation 25(8) of SEBI Listing Regulations, declarations were received from the Independent Directors and the Board of Directors has confirmed that all the Independent Directors meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations and that they are independent of the management.
- iv.** Twelve Board Meetings were held during the year under review and the gap between two meetings did not exceed one hundred and twenty days. The said meetings were held on: 18th April 2018, May 3rd 2018, May 30th 2018, June 7th 2018, June 15th 2018, June 30th 2018, July 7th 2018, July 17th 2018, August 14th 2018, September 1st 2018, November 14th 2018 and February 14th 2019. The necessary quorum was present for all the meetings.

- v. The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year under review and at the last Annual General Meeting ("AGM"), name of other listed entities in which the Director is a director and the number of Directorships and Committee Chairmanships / Memberships held by them in other public limited companies as on 31st March, 2019 are given herein below. Other directorships do not include directorships of Private Limited Companies, Foreign Companies and Companies registered under Section 8 of the Act. Further, none of them is a member of more than ten committees or Chairman of more than five committees across all the public companies in which he/she is a Director. For the purpose of determination of limit of the Board Committees, Chairpersonships and memberships of the Audit Committee and Stakeholders' Relationship Committee have been considered as per Regulation 26(1) (b) of SEBI Listing Regulations.

Name of Director	Category	Attendance at Board Meetings		No of Directorships in listed entities including this listed entity	Number of memberships / chairmanships in Audit / Stakeholder Committee(s) including this listed entity		Whether present at the previous AGM
		Held	Attended		Chair-man	Member	
Mr. J. Murali Krishna	Promoter, Managing Director	12	12	1	1	0	Yes
**Mr. J.S.R. Durga Prasad	Promoter, Non-executive Director	12	6	0	0	0	Yes
**Mr. Locabhiram	Independent-Nonexecutive Director	12	8	0	0	0	Yes
Mr. G.T. Murthy	Independent-Non executive Director	12	9	0	1	4	Yes
Mr. Srinivas Pannala	Independent-Non executive Director	12	7	1	2	4	No
Mrs. J. Sujatha	Non-independent-non executive Director	12	8	2	1	3	No

** Relinquished the position of Independent Director of the Company w.e.f. 30.03.2019.

* Relinquished the position of Promoter Director of the Company w.e.f. 05.07.2018.

- vi.** During FY 2018-19, one meeting of the Independent Directors was held on 28th January, 2019. The Independent Directors, inter-alia, reviewed the performance of Non-Independent Directors, Board as a whole and Chairman of the Company, taking into account the views of executive directors and non-executive directors.
- vii.** The Board periodically reviews the compliance reports of all laws applicable to the Company.
- viii.** Details of equity shares of the Company held by the Directors as on 31st March, 2019 are given below

Name	Category	No of equity shares
Mr. J. Murali Krishna	Managing Director	45,98,712
Mrs. J. Sujata	Non independent-non executive Director	65,607
Mr. Srinivas Pannala	Independent Director	-
Mr. G. T. Murthy	Independent Director	-

The Company has not issued any convertible instruments during the FY.

- ix.** The Board has identified the following skills/expertise/ competencies fundamental for the effective functioning of the Company which are currently available with the Board:

Global markets,	Understanding, of global business dynamics, across various geographical Business industry verticals and regulatory jurisdictions
Strategy and Planning	Appreciation of long-term trends, strategic choices and experience in guiding leading management teams to make decisions in uncertain environments
Governance	Experience in developing governance practices, serving the best interests of all stakeholders, maintaining board and management accountability, building long-term effective stakeholder engagements and driving corporate ethics and values.

Committees of the Board

There are Four statutory Board Committees as on 31st March, 2019 details of which are as follows.

A) Audit Committee

The terms of reference of the Audit Committee as per the guidelines set out in regulation 18(3) of the SEBI (Listing Obligations and Disclosure Requirements) regulation 2015 and section 177 of the Companies Act 2013. The Committee is mainly responsible for.

1. Monitoring Company Financial Reporting process, disclosure of its Financial information and to ensure that the correctness and credibility of the Financial statements.
2. Recommending appointment, remuneration and terms of appointment of statutory auditor.
3. Reviewing with the Management, the quarterly and annual Financial Statements and auditor report thereon and submission to the Board for approval.
4. Reviewing and monitoring with the auditor independence, performance and effectiveness of audit processes.
5. Reviewing and providing with recommendations to the Board with respect to the transactions of the Company with related parties.
6. Evaluation of internal financial controls and risk management controls.

Meetings :

During the year ended March 31st 2019, the audit committee met four times, these meetings were held on May 30th 2018, 14th August 2018, November 14th 2018 and 14th February 2019.

Composition and Attendance.

Name of the Member	Meetings Held	Attendance
Mr. G. T. Murthy	4	4
Mr. Srinivas Pannala-Chairman	4	4
Mrs. J. Sujatha	4	4

B) Nomination and Remuneration Committee :

The Role of the committee is to formulate Criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors, Key managerial Personnel and other senior level employees of the company.

Meetings :

During the year ended March 31st 2019, the Nomination and Remuneration committee met on May 30th 2018 and 1st September 2018,

Name of the member	Meetings held	Attendance
Mr. Srinivas Pannala - Chairman	2	2
Mr. G. T. Murthy	2	2
Mrs. J. Sujatha	2	1

Nomination and Remuneration Committee - other details

Performance Evaluation Criteria for Independent Directors: The performance evaluation criteria for independent directors are determined by the Nomination and Remuneration Committee. An indicative list of factors on which evaluation was carried out includes participation and contribution by a director, commitment, effective deployment of knowledge and expertise, integrity and maintenance of confidentiality and independence of behavior and judgment.

Nomination/Remuneration Policy :

Remuneration policy of a company is designed to create high performance culture .It enables a company to attract, retain and motivate employees to attain results .The compensation of the Executive Directors comprises of fixed component, perquisites and performance based incentive and is determined based on the remuneration prevailing in the industry and the performance of the Company. The remuneration of the Executive Directors is periodically reviewed and suitable revision is recommended to the Board by the Nomination and Remuneration Committee. The Board shall recommend the same for the approval of the Shareholders.

The Company pays a sitting fees of Rs. 3000 per meeting to its Non executive Directors for attending Meetings of the Board and committee

i) Non Executive Directors :

Name of the Director	Sitting Fees(in Rupees)
Mr. Srinivas Pannala	21,000
**Mr. Locabhiram	21,000
Mr. G. T. Murthy	27,000
*Mr. J. S. R. Durga Prasad	18,000
Mrs. J. Sujatha	24,000

** Relinquished the position of Independent Director of the Company w.e.f. 30.03.2019.

* Relinquished the position of Promoter Director of the Company w.e.f. 05.07.2018.

II) Executive Director :

The remuneration of executive director of Company is based on the Remuneration policy of the company .

S.No	Name	Position	Salary	Variable	Commisiion	P.F	Total
1	J. Murali krishna	Managing Director	48,00,000	pay	9,02,266	-	5,702,266

C) Stakeholders Relationship Committee - other details :

The Stakeholders Relationship committee has been formed in compliance of Regulation 20 of SEBI (Listing Obligation and Disclosure Requirements) regulations 2015, and pursuant to Section 178 of the Companies Act.

Meetings:

Name of the member	Meetings held	Attendance
Mr. G. T. Murthy - Chairman	4	4
Mr. Srinivas Pannala	4	4
Mrs. J. Sujatha	4	4

The Committee meet on 30th May 2018, 14th August 2018, 14th November 2018 and 14th February 2019.

The committee reviews security transfers / Transmissions , process of dematerialization and the investors grievances and the systems dealing with the issues.

Mrs.Hima Bindu Dulipala , Company Secretary is appointed as Compliance Officer of the company.

The Board authorised the Company Secretary , who is Compliance officer , to approve share transfers / transmission and comply other Formalities in relation thereto.

a. Name, designation of Compliance Officer:

Mrs. Hima Bindu Dulipala
Company Secretary
Vedavaag Systems Limited

b. Details of investor complaints received and redressed during FY 2018-2019 are 2.

D) Corporate Social Responsibility Committee:

The Corporate Social Responsibility Committee has been formulated pursuant to section 135 of the Companies Act 2013.

Meetings

Name of the Director	Meetings Held	Attendance
Mr. Murali Krishna - Chairman	1	1
Mr. Srinivas Pannala	1	1
Mr. G. T. Murthy	1	1

The Committee met on 14th February 2019.

E) Annual General Meetings (AGM)

Financial Year	Date	Time	Venue	Special Resolutions passed during last 3 FYs
2015-2016	21 st September 2016	11.00 A.M.	FTAPCCI Building, Redhills	Nil
2016-2017	27 th September 2017	2.30 P.M.	FTAPCCI Building, Redhills	1. Appointment of Mr. Srinivas Pannala as Independent Director of the Company. 2. Approval of Revision in the Remuneration of Managing director.
2017-2018	29 th September 2018	10.30 A.M.	Royal Garden Function Hall	1. To re-appoint Mr. G.T. Murthy as an Independent Director and in this regard pass the resolution as special resolution.

There was no Extra Ordinary General Meeting.

Postal ballot was carried out as per the provisions of section 108 and 110 and other provisions and rules of the Companies Act 2013. And result of which was declared on 19th June 2018

Details of Business Carried through postal Ballot:

1. To alter the main Object Clause of the Memorandum of Association of the Company.
2. Amendments' to the other object clause of the Company.

F) A certificate has been received from M/s. VCSR and Associates , Practising Company Secretary, that none of the directors of the Board of the Company has been debarred or disqualified from being appointed or continuing a directors of the Company by Securities Exchange Board of India , Ministry of Corporate Affairs or any such statutory authority.

G) Means of Communication:

Quarterly results approved by the Board are usually published in Business Standard (English) and Andhra Prabha (Telugu) newspapers. In addition to this, the Company is communicating its results to Bombay Stock Exchange where the shares are listed. Further, the quarterly results are also placed on the company's website, www.vedavaag.com . No presentations have been made to institutional investors or to analysts.

The Annual General Meeting is the principal forum for face to face communication with shareholders, where the Directors / Senior Management personnel / Auditors / CFO respond to the specific queries of the shareholders.

H) General shareholder information :

Day, Date, time and venue of the Annual General Meeting	30 th September 2019, Monday at 11:30 am at The Federation of Telangana Chambers of Commerce and Industry (Formerly Known as FTAPCCI), Red hills, Hyderabad - 500 004.
Financial year	April to March
Listing of shares on stock exchanges	BSE Limited (BSE) Listing Fees as applicable has been paid
Book Closure	24 th September 2019, Tuesday to 30 th September 2019, Monday (both days inclusive)
Dividend Payment Date	28 th October 2019
Scrip Code	533056
Corporate Identification Number (CIN)	L72200TG1998PLC029240
International Securities Identification Number (ISIN) for equity shares of Rs. 10/- each under Depository System	INE359B01010
Market Price Data High, Low during each month in last Financial year	Please refer Annexure A
Performance of the Company's share price vis-a vis-Sensex	Please refer Annexure A
Registrar and Share Transfer Agents (RTA)	For shares related matters, the shareholders are requested to correspond with the RTA of the Company quoting their Folio Number or Client ID and DP ID at the following address.
Share Transfer System	Venture Capital And Corporate Investments Private Limited. 12-10-167, Bharat Nagar, Hyderabad - 500 018.
Distribution of Shareholding and Shareholding Pattern as on March 31, 2019	Please refer Annexure B
Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity.	No GDRs and ADRs
Address for Correspondence	103, West Block, Siri Sai Orchid, Madhapur, Hitech City, Madapur, Hyderabad, Telangana - 500 081.

Other Disclosures**a) Disclosure of related party transactions :**

All transactions entered into with related parties during the financial year were on arm's length basis and in the ordinary course of business. The transactions with the related parties are in compliance with Section 188 of the Companies Act, 2013 and Regulation 23 of the Regulations.

There were no materially significant transactions entered into by the Company with the related parties which might be deemed to have had a potential material conflict with the interests of the Company at large. The details of the related party transactions entered during the year and disclosures as required by the Indian Accounting Standards (IND AS 24) are disclosed in the note 44 of notes forming part of the financial statements. The policy lays down the criteria for determining the materiality of transactions.

b) Compliance(s) of matters relating to Capital Market :

The Company has complied with all applicable rules and regulations prescribed by stock exchange (BSE), Securities and Exchange Board of India (SEBI) or any other statutory authority relating to the capital markets

c) Whistle Blower Policy/Vigil Mechanism :

The Company has established a whistle blower policy/vigil mechanism to provide an avenue to raise concerns. The mechanism provides, for adequate safeguards against victimization of employees who avail of it. The policy also lays down the process to be followed for dealing with complaints.

d) Details of utilization funds raised through Preferential allotment :

During the year your Company has allotted 6,990,000 equity shares of Rs.10 each with premium of Rs 29 after receipt of warrants amounts from various allottees namely, Mr.G.Kaladhar, Mr. M. Satya Sankar, Mr. P. Purushottam, Mr. S. Abheestha, Mr. J. Murali Krishna and Mr. J. S. R. Durga Prasad.

The Proceeds of the Preferential Issues was spent/ utilized towards intended objects and as mentioned in the explanatory statement of the notice of the EGM dated 4th January 2017.

e) Code of conduct for prevention of insider trading :

The Company has adopted a code of conduct for prevention of Insider Trading (Insider Trading Code) in accordance with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 2015. The Insider Trading code which is applicable to all directors and designated employees lays down guidelines and procedures to be followed and disclosures to be made while dealing in the securities of the Company.

f) Details of compliance with mandatory requirements and adoption of Discretionary Requirements :

The Company has complied with the mandatory requirements of the Corporate Governance as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. With regard to the non-mandatory requirements the Company has complied to the extent stated below:

a	Shareholder rights	Quarterly financial results are published in leading newspapers, viz. Business Standard , Andhra Prabha. The audited results for the financial year are approved by the Board and then communicated to the members through the Annual Report and also published in the newspapers.
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g) The Disclosures of the compliance with Corporate Governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 are as follows:

Regulation	Particulars of Regulation	Compliance Status (Yes/No/NA)
17	Board of Directors	Yes
18	Audit Committee	Yes
19	Nomination and Remuneration Committee	Yes
20	Stakeholders Relationship Committee	Yes
21	Risk Management Committee	NA
22	Vigil Mechanism	Yes
23	Related Party Transactions	Yes
24	Corporate Governance Requirements with respect to subsidiaries of listed entity	NA
25	Obligations with respect to Independent Directors	Yes
26	Obligations with respect to Directors and Senior Management Personnel	Yes
27	Other Corporate Governance Requirements	Yes
46 (2)(b) to (i)	Disclosures on website	Yes

h) Risk Management

During the year, the risk assessment parameters were reviewed and modified, wherever needed. The audit committee reviewed the element of risks and the steps taken to mitigate the risks. In the opinion of the Board, there are no major elements of risk which have the potential of threatening the existence of the Company.

The Management Discussion and Analysis Report have been included separately forming part of the Annual Report.

i) Statutory Auditor Remuneration M/s. PARY & Co., Chartered Accountants (Firm Registration No. have been appointed as the Statutory Auditors of the Company. The particulars of payment of Statutory Auditors' fees, on consolidated basis are given below:

Particulars	Amount In Rs
Statutory Audit fee	2,25,000
Tax Audit	25,000

- j) Notice for shareholders/investors for unpaid dividends** Members who have not yet encashed their final dividend from the financial year 2016-17 onwards are requested to make their claims without any delay to M/s. Venture Capital and Investment Private Limited Registrar and Share Transfer Agents (RTA) of the Company for claiming the unclaimed/unpaid dividends.

Following table gives information relating to due dates for transfer of unclaimed/unpaid dividends to IEPF:

Financial Year	Date of Declaration of Dividend	Amount as on 31.03.2019	Due Date for transfer to IEPF
2016-2017	02-09-2017	7,31,654	05-09-2024
2017-2018	01-09-2018	6,39,411.5	03-09-2025

All shareholders, whose dividend remains unpaid/ unclaimed, are requested to verify and lodge their claim to RTA by submitting an application in writing supported by a deed of indemnity immediately.

ANNEXURE-A

Market price data

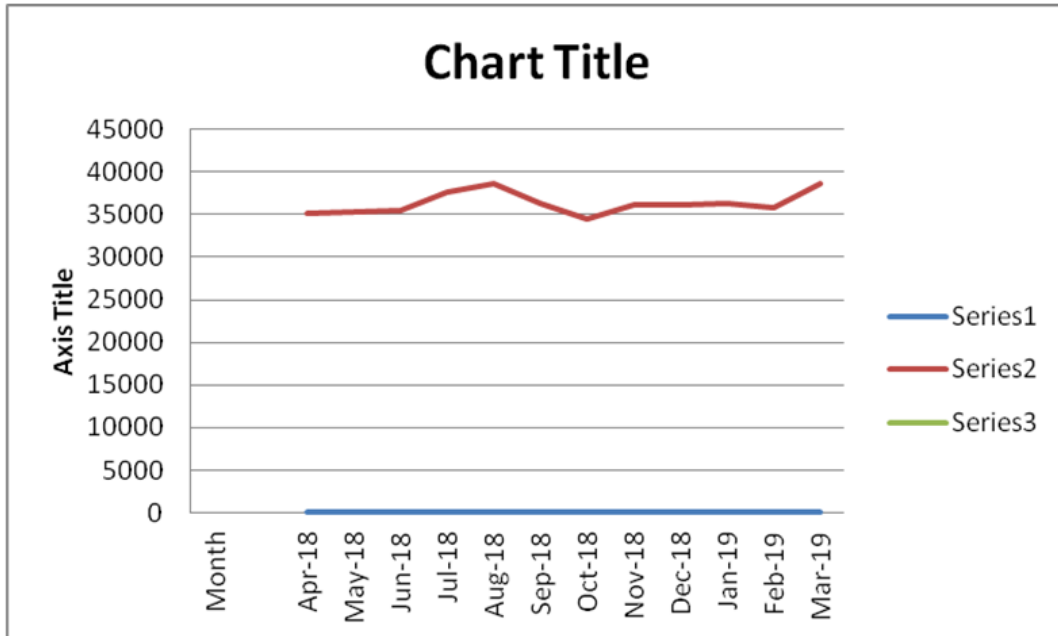
The monthly high and low price quotations of the company's shares at the Bombay Stock Exchange Limited during the period from 01st April, 2018 to 31st March, 2019.

Month	High	Low	Close	Volume
April 2018	56.70	44.15	50.50	3,04,558
May 2018	54.00	40.35	46.40	2,05,665
June 2018	47.50	35.70	38.60	3,33,820
July 2018	43.55	30.10	35.60	4,89,840
August 2018	37.90	27.40	28.95	3,30,623
September 2018	29.70	21.00	22.15	3,85,041
October 2018	29.00	21.20	28.40	3,79,328
November 2018	28.90	24.25	25.00	1,05,022
December 2018	28.20	23.50	26.55	1,27,818
January 2019	31.00	24.90	26.10	3,54,989
February 2019	31.00	23.15	29.35	5,60,467
March 2019	37.50	28.10	29.30	3,62,364

Performance of the share price of the Company in comparison to BSE SENSEX for the period 1st April, 2018 to 31st March, 2019 is given below:

Month	Closing Share price at BSE	BSE SENSEX
April 2018	50.50	35,160.36
May 2018	46.40	35,322.38
June 2018	38.60	35,423.48
July 2018	35.60	37,606.58
August 2018	28.95	38,645.07
September 2018	22.15	36,227.14
October 2018	28.40	34,442.05
November 2018	25.00	36,194.30
December 2018	26.55	36,068.33
January 2019	26.10	36,256.69
February 2019	29.35	35,867.44
March 2019	29.30	38,672.91

Source: bseindia.com



ANNEXURE-B

Distribution of shareholding as on 31st March, 2019

Sl. No.	Shareholding of nominal value	Number of shareholders	percentage of shareholders	Amount of shareholding (Rs.)	percentage of shares held
1	up to 5000	5202	75.51	947,071	4.13
2	5001-10000	724	10.52	601,161	2.62
3	10001-20000	423	6.15	657,395	2.86
4	20001-30000	163	2.37	425,941	1.85
5	30001-40000	73	1.06	268,035	1.17
6	40001-50000	63	0.92	299,465	1.31
7	50001-100000	103	1.50	707,568	3.09
8	Above 100000	133	1.93	19,018,364	82.95
	Total	6889	100	22,925,000	100

Note: The Company has allotted 6,990,000 equity shares of Rs10 each with premium of Rs 29 after receipt of amounts from Promoters and Non-promoters namely, Mr.G.Kaladhar, Mr. M. Satya Sankar, Mr. P. Purushottam, Mr. S. Abheestha, Mr. J. Murali Krishna and Mr.J.S.R.Durga Prasad. during the year. Whereby the Sharecapital of the company as on 31st March 2019 stands at 22925000 shares of Rs 10 each. The Company is in the process of getting Listing permission for the same.

Details of Shareholding in physical mode and electronic mode as on 31st March, 2019

Sl .No	Description	No of shares	% of equity
1	Physical	7,577,035	33.05
2	NSDL	6,193,893	27.02
3	CDSL	9154072	39.93
	Total	22925000	100

Note: The Company has allotted 6,990,000 equity shares of Rs10 each with premium of Rs 29 after receipt of amounts from Promoters and Non-promoters namely, Mr. G. Kaladhar, Mr. M. Satya Sankar, Mr. P. Purushottam, Mr. S. Abheeshta, Mr. J. Muralikrishna and Mr. J.S.R. Durga Prasad during the year, whereby the Share Capital of the Company as on 31st March 2019 stands at 22925000 shares of Rs 10 each.

DECLARATION ON CODE OF CONDUCT.

Pursuant to the schedule V (Part D) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. I hereby confirm that the company has received affirmations on compliance with code of conduct for the financial year ended 31st March, 2019 from all the Board members and senior Management Personnel.

Date: 29-05-2019

Place: Hyderabad

For and on behalf of the the Board

For VEDAVAAG SYSTEMS LIMITED

J. MURALI KRISHNA

Managing Director

DIN : 00016054

CFO CERTIFICATON

I J. MURALI KRISHNA MANAGING DIRECTOR AND CFO OF THE COMPANY HAS VERIFIED THE FOLLWING STATMENTS

- a) We have reviewed the financial statements and the cash flow statement for the year under review and certify that:
 - i. These statements do not contain any materially untrue statement or omit any material facts or contain statements that might be misleading.
 - ii. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) To the best of our knowledge and belief, no transactions entered into by the company during the year are fraudulent, illegal or violative of the company's code of conduct.
- (c) We are responsible for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness and disclosed to the auditors and audit committee, the deficiencies in the design and operation of such internal controls and the steps taken to rectify these deficiencies.
- (d) We have indicated to the auditors and the audit committee that
 - i. There are no significant changes in internal control over financial reporting during the year.
 - ii. There are no significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements.
 - iii. There are no frauds of which we are aware, that involves management or other employees who have a significant role in the Company's internal controls system.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of

Vedavaag Systems Limited

We have examined the compliance of conditions of corporate governance of M/s. Vedavaag Systems Limited for the year ended on 31st March 2019, as stipulated in SEBI LODR Regulations of the Listing agreement of the company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the company for ensuring compliance with the conditions of corporate governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the company. In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the directors and the management, we certify that the company has complied with the conditions of corporate governance as stipulated in the above mentioned listing agreement. We state that no investor grievances are pending for a period exceeding one month against the company as per records maintained by the shareholders / investors grievances committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Date : 29/5/2019

Place : Hyderabad

PARY & CO

Chartered Accountants

(Firm's Registration No.007288C)

Sd./-

P. Vamsi Krishna Reddy

Partner

M.No.224674

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To

The Members

Vedavaag Systems Limited

(CIN: L72200TG1998PLC029240)

We, M/s. VCSR & Associates, Company Secretaries have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **M/s. VEDAVAAG SYSTEMS LIMITED** having CIN: L72200TG1998PLC029240 and having registered office at 1-90-8/13, B Block, 103 Sri Sai Orchid, Hi Tec City, Madhapur, Hyderabad, TG 500081 IN (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

S. No.	Name of the Director	DIN	Designation
1.	Mr. Murali Krishna Jonnavittula	00016054	Managing Director
2.	Mr. Srinivas Pannala	00018295	Independent Director
3.	Mr. Trivikrama Gundu Murthy	02718132	Independent Director
4.	Mrs. Sujata Jonnavittula	07014640	Woman Director

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Date : 14/08/2019
Place : Hyderabad

**For VCSR & Associates
Company Secretaries**

Ch. Veeranjaneyulu
Partner
CP NO. 6392, FCS No. 6121

INDEPENDENT AUDITORS' REPORT

To,
The Members of
Vedavaag Systems Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Vedavaag Systems Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements :

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and 'other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under Section 143(11) of the Act.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we

comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
 - e. On the basis of the written representations received from the directors of the Company as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us :
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on longterm contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government in terms of Section 143(11) of the Act, we give in 'Annexure B' a statement on the matters specified in paragraphs 3 and 4 of the Order.

Place : Hyderabad

Date : 29-05-2019

For **PARY & CO**

Chartered Accountants
(Firm's Registration No.007288C)
Sd./-

P. Vamsi Krishna Reddy
Partner
M.No.224674

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of Vedavaag Systems Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act').

We have audited the internal financial controls over financial reporting of Vedavaag Systems Limited ('the Company') as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section -143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of the management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place : Hyderabad

Date : 29-05-2019

For **PARY & CO**

Chartered Accountants
(Firm's Registration No.007288C)

Sd./-

P. Vamsi Krishna Reddy

Partner

M.No.224674

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of Vedavaag Systems Limited of even date)

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

i. In respect of the Company's fixed assets

- a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b. The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - c. According to the information and explanation given to us, the records examined by us and based on the examination of the conveyance deeds provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the Balance Sheet date. In respect of immovable properties of land and building that have been taken on lease and disclosed as fixed assets in the Standalone Financial Statements, the lease agreements are in the name of the Company.
- ii. The Company is in the business of providing software services and has physical inventories. As explained to us, physical verification of inventories has been conducted by the Management at reasonable intervals during the year. No material discrepancies were noticed.
 - iii. According to the information and explanations given to us, the Company has granted unsecured loans to its Wholly Owned Subsidiary Companies covered in the register maintained under section 189 of the Companies Act, 2013.
 - iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
 - v. The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2019 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.

- vi. The maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company. Thus reporting under Clause 3(vi) of the order is not applicable to the Company.
- vii. According to the information and explanations given to us, in respect of statutory dues
 - a. The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Value Added Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - b. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Value Added Tax, Goods and Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.
 - c. There were no dues of Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Excise Duty and Value Added Tax which have not been deposited as at March 31, 2019 on account of dispute.
- viii. According to the information and explanations given to us and based on the records of the company examined by us, the Company has availed loans or borrowings from multiple Banks, the repayment commitments of which during the year have been prompt, without any default.
- ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under Clause 3 (ix) of the Order is not applicable to the Company.
- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. The Company is not a nidhi company and hence, reporting under Clause 3 (xii) of the Order is not applicable to the Company.
- xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions

have been disclosed in the standalone financial statements as required by the applicable accounting standards.

- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures. However during the year, the Company has allotted shares to the allottees, who had exercised their options to convert the warrants earlier issued on preferential basis and initiated full payment. In our opinion and according to the information and explanations given to us, the requirements of Section 42 of Companies Act, 2013 have been complied with and the amounts raised have been used for the purpose for which the funds were raised.
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

Place : Hyderabad

Date : 29-05-2019

For **PARY & CO**

Chartered Accountants
(Firm's Registration No.007288C)

Sd./-

P. Vamsi Krishna Reddy

Partner

M.No.224674

VEDAVAAG SYSTEMS LIMITED

103, West Block, Siri Sai Orchid, Madhapur, Hitec City, Hyderabad 500 081

STANDALONE BALANCE SHEET AS AT 31ST MARCH, 2019

Particulars	Note No.	As at 31.03.2019 Rs.	As at 31.03.2018 Rs.
I Assets			
(1) Non-Current Assets			
(a) Property Plant & Equipment	1	184,177,796	205,766,009
(b) Other Intangible Assets	2	53,578,727	27,318,131
(c) Financial Assets			
i. Investments	3	70,200,000	70,200,000
ii. Trade Receivables			
iii. Other Financial Assets			
(d) Other Non Current Assets	4	279,000	5,843,150
Total Non Current Assets		308,235,523	309,127,290
2 Current Assets			
(a) Inventories	5	9,432,691	11,832,495
(b) Financial Assets			
i. Investments			
ii. Trade Receivables	6	323,283,026	458,990,008
iii. Cash and Cash Equivalents	7	19,393,049	16,372,580
iv. Bank Balances Other than iii above	8	12,421,886	6,261,166
(c) Current Tax Assets (Net)	9	-	-
(d) Other Current Assets	10	502,370,507	280,019,995
Total Current Assets		866,901,159	773,476,244
Total Assets		1,175,136,682	1,082,603,534
II EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity Share Capital	11	229,250,000	159,350,000
(b) Other Equity	12	768,343,877	569,737,346
Total Equity		997,593,877	729,087,346

Particulars	Note No.	As at 31.03.2019 Rs.	As at 31.03.2018 Rs.
(2) Liabilities			
Non-Current Liabilities			
(a) Financial Liabilities			
i. Borrowings	13	3,509,712	4,796,710
ii. Trade Payables			
iii. Other Financial Liabilities			
(b) Deferred Tax Liabilities (Net)	14	28,647,039	27,635,998
(c) Other Non Current Liabilities	15	29,755,945	26,299,156
Total Non Current Liabilities		61,912,696	58,731,864
(3) Current Liabilities			
(a) Financial Liabilities			
i. Borrowings	16	-	44,423,712
ii. Trade Payables	17	80,163,048	169,331,101
iii. Other Financial Liabilities			
(b) Other Current Liabilities	18	24,366,118	62,679,841
(c) Current Tax Liabilities	19	11,100,943	18,349,670
Total Current Liabilities		115,630,109	294,784,324
Total Liabilities (2+3)		177,542,805	353,516,188
Total Equity and Liabilities		1,175,136,682	1,082,603,534

Significant Accounting Policies -

The accompanying notes 1 to 31 are an integral part of the financial statements

For **PARY & CO**
Chartered Accountants
(Firm's Registration No.007288C)

Sd./-
P. Vamsi Krishna Reddy
Partner
M.No.224674

For and on behalf of the Board of Directors

Sd/
J. Murali Krishna
Managing Director & CFO

Sd/
J. Sujatha
Director

Date : 29-05-2019

Place : Hyderabad

VEDAVAAG SYSTEMS LIMITED

103, West Block, Siri Sai Orchid, Madhapur, Hitec City, Hyderabad 500 081

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2019

Particulars	Note No.	For the year Ended 31.03.2019 Rs.	For the year Ended 31.03.2018 Rs.
1 INCOME			
a) Revenue from Operations	20	601,862,780	745,247,108
b) Other Income	21	8,970,262	4,012,179
Total Income		610,833,042	749,259,286
2 EXPENSES			
a) Project Expenses	22	190,745,569	310,830,543
b) Cost of Material	23	223,641,183	212,542,218
c) Employee Benefits Expense	24	34,539,425	30,715,610
d) Finance Cost	25	498,141	452,163
e) Depreciation and Amortisation Expense		27,509,598	27,159,038
f) Other Expenses	26	20,075,378	19,169,394
Total Expenses		497,009,294	600,868,967
3 Profit Before Tax (1-2)		113,823,748	148,390,319
Tax Expenses			
Current Tax		22,586,136	30,805,830
Deferred Tax		1,011,041	12,759,657
4 Profit After Tax		90,226,571	104,824,832
5 Other Comprehensive Income			
a) (i) Items that will not be reclassified to profit or loss		-	-
(ii) Income Tax relating to items that will not be reclassified to profit or loss		-	-
b) (i) Items that will be reclassified to profit or loss		-	-
(ii) Income Tax relating to items that will be reclassified to profit or loss	-	-	-
Total other comprehensive Income		90,226,571	104,824,832
6 Total Comprehensive Income			
7 Earnings per Share			
a) Basic		3.936	6.995
b) Diluted		3.936	6.985

For **PARY & CO**
Chartered Accountants
(Firm's Registration No.007288C)

Sd./-
P. Vamsi Krishna Reddy
Partner
M.No.224674

For and on behalf of the Board of Directors

Sd/
J. Murali Krishna
Managing Director & CFO

Sd/
J. Sujatha
Director

Date : 29-05-2019

Place : Hyderabad

Statement of Changes in Equity

A. Equity Share Capital	AS AT 31.03.2019 Rs.	AS AT 31.03.2018 Rs.
Balance at the beginning	159,350,000	142,500,000
Add: Changes in Equity share capital during the year	69,900,000	16,850,000
Closing Balances	229,250,000	159,350,000

B. Other Equity

Particulars	AS AT 31.03.2019 Rs.	AS AT 31.03.2018 Rs.
Other Reserves		
Capital Reserve	10,667,080	10,667,080
Securities Premium	314,575,000	111,865,000
Equity share warrant money	-	81,071,250
Equity share warrant money Forfeited*	12,918,750	
Surplus		
Opening Balances	367,548,456	278,249,491
Add: Profit during the Year	90,226,570	104,824,832
Less: Dividend for Financial Year 2018-19	22,925,000	15,525,867
Less: Dividend Tax for Financial Year 2018-19	4,666,980	-
Closing Balances	430,183,047	367,548,456
Total	768,343,877	569,737,346

* Forfeited Share warrants represents 13,25,000 number of share warrants forfeited at the rate of Rs.9.75/-.

VEDAVAAG SYSTEMS LIMITED

103, West Block, Siri Sai Orchid, Madhapur, Hitec City, Hyderabad 500 081

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2019

	Particulars	For the year Ended 31.03.2019 Rs.	For the year Ended 31.03.2018 Rs.
A	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit Before Tax	113,823,747	148,390,319
	Adjustments for:		
	Depreciation	27,509,598	27,159,038
	Dividend for the year	-27,591,980	-15,525,867
	Interest & Finance Charges	498,141	452,163
	Interest Income	-1,113,937	-277,026
	Operating Profit before Working Capital Changes	113,125,570	160,198,627
	Adjustments for:		
	Increase/(Decrease) in Inventories	2,399,804	149,416,505
	Increase/(Decrease) in Trade Receivables	135,706,982	-243,166,840
	Increase/(Decrease) in Other Non-Current Assets	5,564,150	189,670
	Increase/(Decrease) in Other Current Assets	-213,850,512	-21,323,983
	Increase/(Decrease) in Trade Payables	-89,168,052	-62,242,441
	Increase/(Decrease) in Other Current Liabilities & Provisions	-88,571,722	760,065
	Increase/(Decrease) in Non Current Liabilities	3,180,832	24,712,218
	Cash generated from operations	-131,612,949	8,543,821
	Income Tax	23,597,176	36,174,837
	Net Cash flow from Operating activities	-155,210,125	-27,631,016

	Particulars	For the year Ended 31.03.2019 Rs.	For the year Ended 31.03.2018 Rs.
B	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of Fixed Assets and Capital Work In progress	-32,181,982	-103,044,435
	Investments Made	-	-40,000,000
	Interest Received	1,113,937	277,026
	Net Cash used in Investing activities	-39,568,045	-142,767,409
C	CASH FLOW FROM FINANCING ACTIVITIES		
	Increase in Share Capital	69,900,000	16,850,000
	Increase in Securities Premium	202,710,000	48,865,000
	Change in Other Equity	12,918,750	14,739,444
	Decrease in Equity Share Warrents	-81,071,250	-16,428,750
	Interest Charges	-498,141	-452,163
	Long term Borrowings	-	48,733,734
	Net Cash used in Financing activities	203,959,359	112,307,265
	Net Increase in Cash & Cash Equivalents	9,181,189	-58,091,160
	Cash and Cash Equivalent at the beginning of the period	22,633,746	80,724,906
	Cash and Cash Equivalent at the end of the period	31,814,935	22,633,746

For **PARY & CO**
Chartered Accountants
(Firm's Registration No.007288C)
Sd./-
P. Vamsi Krishna Reddy
Partner
M.No.224674

For and on behalf of the Board of Directors

Sd/ J. Murali Krishna Managing Director & CFO	Sd/ J. Sujatha Director
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Date : 29-05-2019
Place : Hyderabad

Notes Forming Part of the Standalone Financial Statements

1. Company Information :

Vedavaag Systems Limited ("The Company") is a Public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on BSE stock exchange in India.

The registered office of the company is located at 103, West Block, Siri Sai Orchid, Hi-Tech City, Madhapur, Hyderabad-500 081 Telangana. The Company is principally engaged in IT Sales and Services like Governance & Citizen Services, Banking, Finance and Insurance Services.

The financial Statements for the year ended 31st March 2019 were approved by the Board of Directors and authorised for issue on 29th May, 2019.

2. Significant Accounting Policies:

a. Statement of Compliance:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind-AS) specified under Section 133 of companies Act, 2013, read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, with effect from 1st April 2017. Previous periods have been restated to Ind-AS.

b. Basis of Preparation:

The financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date.

c. Functional and Presentation Currency:

These financial statements are presented in Indian Rupees (INR), which is the Company's functional currency.

d. Use of Estimates and Judgement:

The preparation of the financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, disclosures of contingent liabilities and contingent assets at the date of the financial statements and reported amounts of income and expenses during the period. Actual results may differ

from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

e. Current and Non-Current classification:

The Company presents assets and liabilities in the balance sheet on current /non-current classification.

An asset is current when it is:

- ◆ Expected to be realised or intended to be sold or consumed in normal operating cycle;
- ◆ Held primarily for the purpose of trading;
- ◆ Expected to be realized within twelve months after the reporting period; or
- ◆ Cash or Cash equivalent unless restricted from being exchanged or used settle a liability for at least twelve months after the reporting period.

All the other assets are classified as non-current.

A liability is current when:

- ◆ It is expected to be settled in normal operating cycle;
- ◆ It is held primarily for the purpose of trading
- ◆ It is due to be settled within twelve months after the reporting period; or
- ◆ There is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All the other liabilities are classified as non-current.

Deferred tax assets/liabilities are classified as non-current.

f. Property, Plant and Equipment :
Recognition and measurement

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if:

- (a) It is probable that future economic benefits associated with the item will flow to the entity; and
- (b) The cost of the item can be measured reliably.

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure directly attributable to the acquisition of the asset. General and specific borrowing costs directly attributable to the construction of a qualifying asset are capitalized as part of the cost.

Depreciation:

The Company depreciates property, plant and equipment over the estimated useful life on a straight-line basis from the date the assets are available for use.

The estimated useful life of assets is reviewed and where appropriate are adjusted, annually.

Subsequent Cost:

Subsequent expenditure relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably.

g. Intangible Assets:

An intangible asset shall be recognised if, and only if:

- (a) It is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- (b) The cost of the asset can be measured reliably.

An intangible asset shall be carried at its cost less any accumulated amortisation. Intangible assets are amortised on straight line basis.

h. Investments:

Long term and unquoted current investments are stated at cost and quoted current investments at lower of cost or market value. Provision for diminution in value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.

i. Inventory:

Inventories shall be measured at the lower of cost and net realisable value

Cost of Inventory is determined using the FIFO.

j. Revenue Recognition:

The company primarily derives Revenue from rendering IT and IT enabled services, System Integration/IOT Projects.

- i) Revenue from time and material engagements is recognized on time proportion basis as and when the services are rendered in accordance with the terms of the contracts with customers.
- ii) In case of fixed price contracts, revenue is recognized based on the milestones achieved as specified in the contracts, on proportionate completion basis.
- iii) Revenue from maintenance contracts and subscription is recognized on a pro-rata basis over the period of the contract.

- iv) Unbilled revenue represents revenue recognized in relation to work done on time and material projects and fixed price projects until the balance sheet date for which billing has not taken place.
- v) Interest income is recognized on a time proportion basis taking into account the carrying amount and the effective interest rate. Interest income is included under the head 'Other income' in the statement of profit and loss.

k. Income Tax:

Income tax comprises current and deferred tax. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to a business combination, or items directly recognized in equity or in other comprehensive income.

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amounts are those that are enacted or substantively enacted as at the reporting date and applicable for the period. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and liability simultaneously.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority. Deferred tax is recognized in profit or loss except to the extent that it relates to items recognized directly in OCI or equity, in which case it is recognized in OCI or equity.

l. Employee Benefits :**Gratuity :**

In accordance with the Payment of Gratuity Act, 1972, applicable for Indian companies, the Company provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Company. The gratuity fund is managed by third party funds. The Company's obligation in respect of the gratuity plan, which is a defined benefit plan, is provided for based on actuarial valuation using the projected unit credit method. The Company

recognizes actuarial/Re measurement gains and losses in other comprehensive income, net of taxes.

Provident Fund:

The Company make contribution to the statutory provident fund in accordance with the Employees' Provident Funds and Miscellaneous Provision Act, 1952 which is a defined contribution plan and contribution paid or payable is recognized as an expense in the period in which the services are rendered.

Leave Encashment:

The Company measures the expected cost of compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The Company recognizes accumulated compensated absences based on actuarial valuation using the projected unit credit method. Non-accumulating compensated absences are recognized in the period in which the absences occur.

m. Impairment of Non-financial Assets:

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment considering the provisions of Ind AS 36 'Impairment of Assets'. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

n. Earnings per Share:

Basic earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Group by the weighted average number of equity shares outstanding during the financial year.

Diluted earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Group by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

Basic and diluted earnings per equity share are also computed using the earnings amounts excluding the movements in regulatory deferral account balances.

o. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

p. Critical accounting judgements and key source of estimation uncertainty:

The preparation of financial statements requires management to make judgments, estimates and assumptions that may impact the application of accounting policies and the reported value of assets, liabilities, income, expenses and related disclosures concerning the items involved as well as contingent assets and liabilities at the balance sheet date. The estimates and management's judgments are based on previous experience and other factors considered reasonable and prudent in the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In order to enhance understanding of the financial statements, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is as under:

1. Useful life of property, plant and equipment:

The estimated useful life of property, plant and equipment is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

Useful life of the assets of the group is as per the schedule II of the Companies Act, 2013. The Group reviews at the end of each reporting date the useful life of property, plant and equipment.

2. Recoverable amount of property, plant and equipment:

The recoverable amount of plant and equipment is based on estimates and assumptions regarding in particular the expected market outlook and future cash

flows associated with the power plants. Any changes in these assumptions may have a material impact on the measurement of the recoverable amount and could result in impairment.

3. Post-employment benefit plans:

Employee benefit obligations are measured on the basis of actuarial assumptions which include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, the rate of salary increases and the inflation rate. The Group considers that the assumptions used to measure its obligations are appropriate and documented. However, any changes in these assumptions may have material impact on the resulting calculations.

4. Assets held for sale

Significant judgment is required to apply the accounting of non-current assets held for sale under Ind AS 105 "Non-Current Assets held for sale and discontinued Operations". In assessing the applicability, management has exercised judgment to evaluate the availability of the asset for immediate sale, management's commitment for the sale and probability of sale within one year to conclude if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

5. Provisions and contingencies:

Management judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy.

6. Impairment of Investments:

Investments in Subsidiaries are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in the economic environment.

Impairment test is performed at entity level. An impairment loss is recognised whenever the carrying amount of Investment exceeds its recoverable amount.

The recoverable amount is the greater of its fair value less costs to sell and value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. The calculation involves use of significant estimates and assumptions which include turnover and gross margin, growth rate and net

margin used to calculate projected future cash flows, discount rate and long term growth rate.

q. Recent accounting pronouncements:

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration on March 28, 2018, the Ministry of Corporate Affairs('the MCA') notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

Ind AS 115, Revenue from Contract with Customers: On March 28, 2018, the MCA notified the Ind AS 115. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- ◆ Retrospective approach – Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting policies, Changes in Accounting Estimates and Errors.
- ◆ Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch – up approach)

The effective date for adoption of Ind AS 115 is financial period beginning on or after April 1, 2018.

The company will adopt the standard on April 1, 2018 by using the cumulative catch up transition method and accordingly, comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insufficient.

r. Financial Instruments :

As per Ind AS 109, Financial Instruments, all financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured

at transaction price. Financial assets are subsequently measured at amortized cost, fair value through profit or loss or fair value through other comprehensive income as the case may be.

On account of adoption of Ind AS 109, the group uses Expected Credit Loss(ECL) model to assess the impairment loss or gain. The group uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors, credit ratings and the Group's historical experience for customers. The adoption of ECL model did not have a material impact on the financial statements.

Fair value of financial instrument:

In determining the fair value of financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value and such value may never actually be realized.

For financial assets and liabilities maturing within one year from the Balance Sheet date and which are not carried at fair value, the carrying amounts approximate fair value due to the short maturity of these instruments.

NOTES TO STANDALONE BALANCE SHEET

Note 1 : Property Plant & Equipment

Particulars	Computer Hardware Rs.	Furniture & Fixtures Rs.	Vehicles Rs.	Office Equipment Rs.	Others Rs.	Total Rs.
Gross Block						
Balance as at 31.03.2018	446,764,536	10,350,165	10,239,585	2,685,952	10,647,251	480,687,490
Additions	525,078	1,201,101		326,852	224,275	2,277,306
Deletions						
Balance as at 31.03.2019	447,289,614	11,551,266	10,239,585	3,012,804	10,871,526	482,964,795
Accumulated Depreciation						
Balance as at 31.03.2018	255,526,867	9,029,026	2,350,970	787,048	7,383,069	275,076,980
Charge for the year	22,455,257	98,006	769,140	171,150	216,466	23,710,019
Deletion	-	-	-	-	-	-
Balance as at 31.03.2019	277,982,124	9,127,032	3,120,110	958,198	7,599,535	298,786,999
Net Block						
Balance as at 31.03.2018	191,237,669	1,321,139	7,888,615	1,898,904	3,419,681	205,766,009
Balance as at 31.03.2019	169,307,490	2,424,234	7,119,475	2,054,606	3,271,992	184,177,796

Note 2 : Other Intangible Assets

Particulars	Computer Software Rs.	Project Development WIP Rs.	Total Rs.
Gross Block			
Balance as at 31.03.2018	26,345,880	20,713,000	47,058,880
Additions	50,060,175	29,976,175	80,036,350
Transfer to Intangible Assets	-	49,976,175	49,976,175
Balance as at 31.03.2019	76,406,055	713,000	77,119,055
Amortization			
Balance as at 31.03.2018	19,740,749	-	19,740,749
Charge for the year	3,799,579	-	3,799,579
Disposals	-		
Balance as at 31.03.2019	23,540,328	-	23,540,328
Net Block			
Balance as at 31.03.2018	6,605,131	20,713,000	27,318,131
Balance as at 31.03.2019	52,865,727	713,000	53,578,727

Note 3 : Non Current Investments

Particulars	AS AT 31.03.2019 Rs.	AS AT 31.03.2018 Rs.
A . Investment in Wholly Owned Subsidiaries (At Cost)		
1. Investment in Equity Instruments (Unquoted)		
VSL Data Systems Private Limited (formaly Synaptic Systems Pvt.Ltd) 30,00,000 Equity shares of Rs.10 each	30,000,000	30,000,000
Vagdevi Sark Edutech Private Limited 10,000 equity shares of Rs.10 each	100,000	100,000
Vedavaag common Service Centers Private Limited 10,000 equity shares of Rs.10 each	100,000	100,000
2. Investments in Preference Shares		
VSL Data Systems Private Limited 40,00,000 5% Redeemable Cumulative Preference shares of Rs.10 each	40,000,000	40,000,000
Total	70,200,000	70,200,000
Aggregate value of Unquoted Investments	70,200,000	70,200,000

Note 4 : Other Non Current Assets

Particulars	AS AT 31.03.2019 Rs.	AS AT 31.03.2018 Rs.
Capital Advances	-	-
Deposits * (Unsecured Considered Good)	279,000	5,843,150
Total	279,000	5,843,150

Note 5 : Inventory

Particulars	AS AT 31.03.2019 Rs.	AS AT 31.03.2018 Rs.
Inventories and Project WIP (valued at FIFO)	9,432,691	11,832,495
Total	9,432,691	11,832,495

Note 6 : Trade Receivables

Particulars	AS AT 31.03.2019 Rs.	AS AT 31.03.2018 Rs.
Secured, Considered Good (Receivable from govt. Parties and Others)	-	-
Unsecured, Considered Good (Receivable from Govt. parties and others)	323,283,026	458,990,008
Total	323,283,026	458,990,008

Note 7 : Cash and Cash Equivalents

Particulars	AS AT 31.03.2019 Rs.	AS AT 31.03.2018 Rs.
Balance with Bank	10,916,365	13,646,265
Cash on Hand	8,476,684	2,726,315
Total	19,393,049	16,372,580

Note 8 : Bank Balances Other than above

Particulars	AS AT 31.03.2019 Rs.	AS AT 31.03.2018 Rs.
Balance with Bank (Margin Money Deposits)	12,421,886	6,261,166
Total	12,421,886	6,261,166

Note 9 : Current Tax Asset

Particulars	AS AT 31.03.2019 Rs.	AS AT 31.03.2018 Rs.
Provision for the year	-	-
Less:TDS	-	-
Total	-	-

Note 10 : Other Current Assets

Particulars	AS AT 31.03.2019 Rs.	AS AT 31.03.2018 Rs.
Advances otherthan Capital Advances		
Security Deposits	474,036	1,474,346
Advance to Subsidiaries	213,844,420	144,342,276
Projects in Progress	209,604,768	92,910,708
Other Advances	72,914,058	35,759,441
MAT Credit	5,533,225	5,533,225
Total	502,370,507	280,019,995

Standalone Notes to Equity

Note No. 11

A) Equity Share Capital	As at 31.03.2019		As at 31.03.2018	
	Number	Rs.	Number	Rs.
Authorised				
Equity Shares of Rs. 10 Each	30,000,000	300,000,000	30,000,000	300,000,000
8% Preference Shares of Rs.10/-each	-	-	-	-
Total		300,000,000		300,000,000
Issued, Subscribed & paid up				
Equity Shares of Rs. 10 Each			15,935,000	159,350,000
Total				159,350,000
B) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period				
Particulars	Number	Rs.	Number	Rs.
Shares outstanding at the beginning of the year	15,935,000	159,350,000	14,250,000	142,500,000
Shares issued during the year	6,990,000	69,900,000	1,685,000	16,850,000
Shares bought back during the year				
Shares outstanding at the end of the year	22,925,000	229,250,000	15,935,000	159,350,000

C) Terms/rights attached to equity shares, including restrictions on distribution of dividends and the repayment of capital

The Company has only one class of shares referred to as equity shares having a par value of Rs. 10 each. Each holder of equity share is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts.

The distribution will be in proportion to the number of equity Shares held by the shareholders

D) Shares in the Company held by each share holder holding more than 5 percent shares specifying the number of shares				
Name of Share Holder	As at 31st March 2019		As at 31st March 2018	
	No of Shares Held	% of holding	No of Shares Held	% of holding
J. MURALI KRISHNA	4,598,712	20.06%	1,598,712	10.03%
J. S. R. DURGA PRASAD	3,584,960	15.64%	1,609,960	10.10%
E) In the Period of Five Years immediately preceding March 31st 2019 i. The Company has not bought back any equity shares. ii. The Company has not allotted any equity shares as fully paid up without payment being received in cash. iii. During the year the company has allotted 69,90,000 equity shares on conversion of equity share warrants issued earlier.				

Notes to Standalone Financial Statements

Note 12 : Other Equity

Particulars	AS AT 31.03.2019 Rs.	AS AT 31.03.2018 Rs.
Other Reserves		
Capital Reserve	10,667,080	10,667,080
Securities Premium	314,575,000	111,865,000
Equity share warrant money	-	81,071,250
Equity share warrant money Forfeited*	12,918,750	
Surplus		
Opening Balances	367,548,456	278,249,491
Add: Profit during the Year	90,226,570	104,824,832
Less: Dividend for Financial Year 2018-19	22,925,000	15,525,867
Less: Dividend Tax for Financial Year 2018-19	4,666,980	-
Closing Balances	430,183,047	367,548,456
Total	768,343,877	569,737,346

* Forfeited Share warrants represents 13,25,000 number of share warrants forfeited at the rate of Rs.9.75/-.

Note 13 : Borrowings (Non Current)

Particulars	AS AT 31.03.2019 Rs.	AS AT 31.03.2018 Rs.
Vehicle Loan* (Secured by Hypothecation of the Vehicles)	3,509,712	4,796,710
Total	3,509,712	4,796,710

* Vehicle loan from Andhra Bank availed at an interest rate of 9.2% p.a., repayable in 60EMIs and the outstanding balance is Rs.10.50 lakhs. There is no overdue installement

* Vehicle loan from Diamler Financial Services Pvt.Ltd. availed at an interest rate of 8.37% p.a., repayable in 60 EMIs and the outstanding balance is Rs.24.60 Lakhs. There is no overdue installement

Note 14 : Deferred Tax Liabilities (Net)

Particulars	AS AT 31.03.2019 Rs.	AS AT 31.03.2018 Rs.
Opening Balance	27,635,998	14,876,341
Add or (Less): Charge during the Year	1,011,041	12,759,657
Total	28,647,039	27,635,998

Note 15 : Other Non Current Liabilities

Particulars	AS AT 31.03.2019 Rs.	AS AT 31.03.2018 Rs.
Deposits *	29,755,945	26,299,156
Total	29,755,945	26,299,156

* Deposits includes Security Deposits received from Franchisees.

Note 16 : Borrowings (Current)

Particulars	AS AT 31.03.2019 Rs.	AS AT 31.03.2018 Rs.
Unsecured loans from Directors (Interest Free)	-	44,423,712
Total	-	44,423,712

Note 17 : Trade Payables

Particulars	AS AT 31.03.2019 Rs.	AS AT 31.03.2018 Rs.
Trade Payables*	80,163,048	169,331,101
Total	80,163,048	169,331,101

*There are no dues to any MSME undertakings

Note 18 : Other Current Liabilities

Particulars	AS AT 31.03.2019 Rs.	AS AT 31.03.2018 Rs.
Expenses payable	5,042,508	20,087,559
Current maturities of Long Term Debt (Vehicle loans)	1,457,504	1,618,380
Unpaid Dividend	944,797	639,442
Taxes and Duties	16,921,309	40,334,460
Total	24,366,118	62,679,841

Note 19 : Current Tax Liability

Particulars	AS AT 31.03.2019 Rs.	AS AT 31.03.2018 Rs.
Provision for the year	22,586,136	30,805,830
Less:TDS	11,485,193	12,456,160
Total	11,100,943	18,349,670

Note 20 : Revenue From Operations

Particulars	AS AT 31.03.2019 Rs.	AS AT 31.03.2018 Rs.
Sales	235,920,586	218,152,927
Services	365,942,194	527,094,181
Total	601,862,780	745,247,108

Note 21 : Other Income

Particulars	AS AT 31.03.2019 Rs.	AS AT 31.03.2018 Rs.
Interest Income	1,113,937	277,026
Other Non Operating Income	7,856,325	3,735,153
Total	8,970,262	4,012,179

Note 22 : Project Expenses

Particulars	AS AT 31.03.2019 Rs.	AS AT 31.03.2018 Rs.
Project Expenses	190,745,569	310,830,543
Total	190,745,569	310,830,543

Note 23 : Cost of Material

Particulars	AS AT 31.03.2019 Rs.	AS AT 31.03.2018 Rs.
Opening Inventory	11,832,495	161,249,000
Add: Purchases (Net)	221,241,379	63,125,713
Total	233,073,874	224,374,713
Less: Closing Inventory	9,432,691	11,832,495
Total	223,641,183	212,542,218

Note 24 : Employee Benefit Expenses

Particulars	AS AT 31.03.2019 Rs.	AS AT 31.03.2018 Rs.
Salaries and Wages	34,539,425	30,715,610
Total	34,539,425	30,715,610

Note 25 : Finance Cost

Particulars	AS AT 31.03.2019 Rs.	AS AT 31.03.2018 Rs.
Interest -Others	-	12,712
Interest on Vehicle Loan	498,141	439,451
Total	498,141	452,163

Note 26 : Administrative and Marketing Expenses

Particulars	AS AT 31.03.2019 Rs.	AS AT 31.03.2018 Rs.
Audit Fee	250,000	200,000
Business Development and Marketing	1,040,313	998,100
Bank charges	1,371,356	132,438
Consultancy& Legal	448,500	1,699,821
Telephone & Internet	220,762	205,909
Miscellaneous	146,638	705,325
Meeting Expenses	140,000	178,068
Printing and Stationery	221,227	337,310
Insurance	84,455	56,193
Rent	6,051,153	4,894,881
Repairs and maintenance	496,420	680,533
Share Services Charges	692,086	965,041
Travelling and Coveyance	4,784,567	5,836,567
Office Maintenance	4,052,637	2,214,155
Web Server Maintenance	75,264	65,054
Total	20,075,378	19,169,394

Notes to financial statement for the year ended 31- March-2019

27. Earnings per Share (in Rs)

Particulars	AS AT 31.03.2019 Rs.	AS AT 31.03.2018 Rs.
Numerator for EPS		
Net Profit after tax (A)	9,02,26,570/-	10,48,24,832/-
Weighted Average no. of Shares considered for Denominator for Basic EPS (B)*	2,29,25,000	1,49,85,417
Basic and diluted Earnings Per Share (A)/(B)	3.94	6.99

28. Related Party Disclosures

i) Related Parties Where Control Exits

Company	Type of Relation
VSL Data SYSTEMS PRIVATE LIMITED	wholly OWNED SUBSIDIARY
Vagdevi Sark Edutech Private Limited	wholly OWNED SUBSIDIARY
Vedavaag common Service Centers Private Limited	wholly OWNED SUBSIDIARY

ii) Key Management personnel

- J. Muralai Krishna - MD & CFO.
- D.Himabindu - Company Secretary

iii) Related party transactions during the year

Nature of transactions	Name of Entity	31-March-2019	31-March-2018
Loan to Subsidiaries	VSL Data SYSTEMS PRIVATE LIMITED	Rs.6,09,52,144	Rs. 78,40,000
	Vagdevi Sark Edutech Private Limited	Rs.50,00,000	Rs. 94,22,215
	Vedavaag Common Service Centers Private Limited	Rs.35,00,000	Rs. 1,84,25,000

iv) Remuneration of key managerial personnel:

Particulars of Remuneration	For the year ended	
	31-March-2019	31-March-2018
Short Term employee benefits	Rs.60.62 lakhs	Rs.43.26 lakhs

* The above post-employment benefits excludes gratuity and compensated absences which cannot be separately identified from the composite amount advised by the actuary.

vi) Outstanding Balances

		31-March 2019	31-March 2018
Equity Investment in Subsidiaries	VSL DATA SYSTEMS PRIVATE LIMITED	Rs.3,00,00,000	Rs.3,00,00,000
	Vagdevi Sark Edutech Private Limited	Rs.1,00,000	Rs.1,00,000
	Vedavaag common Service Centers Private Limited	Rs.1,00,000	Rs.1,00,000
Preference Shares Investment in Subsidiaries	VSL DATA SYSTEMS PRIVATE LIMITED	Rs.4,00,00,000	Rs.4,00,00,000
Loan to subsidiaries	VSL DATA SYSTEMS PRIVATE LIMITED	Rs.17,74,47,205	Rs.11,64,95,061
	Vagdevi Sark Edutech Private Limited	Rs.1,44,22,215	Rs.94,22,215
	Vedavaag common Service Centers Private Limited	Rs.2,19,25,000	Rs.1,84,25,000

29. Contingent liabilities

The Company has submitted Performance Bank Guarantees worth Rs.4.25 Crore issued by M/s Andhra Bank for various projects under execution.

Certain Claims and Counter Claims regarding one of the Suppliers is sub judice and management is confident that there will not be any liability on company. Hence no provision has been made. Interest and Penalty on delay in filing of statutory returns is not provided for.

30. Corporate social responsibility

In accordance with section 135(5) of the Companies Act, 2013, The CSR expenditure to be spent is Rs.26.35 lakhs and the same shall be spent during the F.Y.2019-20.

31. Previous year's figures have been regrouped where necessary to conform to current year's classification.

INDEPENDENT AUDITORS' REPORT

To,
The Members of
Vedavaag Systems Limited

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Vedavaag Systems Limited (hereinafter referred to as 'the Company') and its subsidiaries (the Company and its subsidiaries together referred to as 'the Group'), comprising the Consolidated Balance Sheet as at March 31, 2019, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as 'the Act') that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the Indian- Accounting Standards (Ind - AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and

plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Other Matters

We did not audit the financial statements / financial information of 3 subsidiaries, for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our Opinion on the Consolidated Financial Statements, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2019, and its consolidated profit, consolidated total comprehensive income, consolidated statement of changes in equity and its consolidated cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our

examination of those books.

- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
- (e) On the basis of the written representations received from the Directors of the Company as on March 31, 2019 taken on record by the Board of Directors of the Company and its subsidiaries incorporated in India and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate report in 'Annexure A' which is based on the auditor's reports of the Company and its subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of those companies, for the reasons stated therein.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.
 - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and its subsidiary company incorporated in India.

Place : Hyderabad

Date : 29-05-2019

For **PARY & CO**

Chartered Accountants
(Firm's Registration No.007288C)
Sd./-

P. Vamsi Krishna Reddy

Partner

M.No.224674

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Vedavaag Systems Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of Vedavaag Systems Limited (hereinafter referred to as 'the Company') and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('the ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company and its subsidiary companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company and its subsidiary companies, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place : Hyderabad

Date : 29-05-2019

For **PARY & CO**

Chartered Accountants
(Firm's Registration No.007288C)

Sd./-

P. Vamsi Krishna Reddy

Partner

M.No.224674

VEDAVAAG SYSTEMS LIMITED 103, West Block, Siri Sai Orchid, Madhapur, Hitec City, Hyderabad 500 081 CONSOLIDATED BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2019			
Particulars	Note No.	As at 31.03.2019 Rs.	As at 31.03.2018 Rs.
I. Assets			
(1) Non-Current Assets			
(a) Property Plant & Equipment	1	18,41,77,796	20,57,66,009
(b) Other Intangible Assets	2	12,60,81,357	11,78,95,518
(c) Capital WIP		7,86,86,793	
(c) Financial Assets			
i Investments	3	-	-
ii Trade Receivables			
iii Other Financial Assets			
(d) Other Non Current Assets	4	2,79,000	60,43,150
Total Non Current Assets		38,92,24,946	32,97,04,677
2 Current Assets			
(a) Inventories	5	94,32,691	1,18,32,495
(b) Financial Assets			
i Investments			
ii Trade Receivables	6	41,51,18,626	56,60,13,008
iii Cash and Cash Equivalents	7	2,10,19,633	1,69,13,163
iv Bank Balances Other than iii above	8	1,24,21,885	62,61,166
(c) Current Tax Assets (Net)	9	-	-
(d) Other Current Assets	10	41,70,71,672	25,00,49,811
Total Current Assets		87,50,64,507	85,10,69,643
Total Assets		1,26,42,89,453	1,18,07,74,320
II EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity Share Capital	11	22,92,50,000	15,93,50,000
(b) Other Equity	12	82,76,40,638	62,07,67,882
Total Equity		1,05,68,90,638	78,01,17,882

Particulars	Note No.	As at 31.03.2019 Rs.	As at 31.03.2018 Rs.
(2) Liabilities			
Non-Current Liabilities			
(a) Financial Liabilities			
i Borrowings	13	35,09,712	47,96,710
ii Trade Payables			
iii Other Financial Liabilities			
(b) Deferred Tax Liabilities (Net)	14	4,04,59,202	3,92,66,375
(c) Other Non Current Liabilities	15	2,97,55,945	2,62,99,156
Total Non Current Liabilities		7,37,24,859	7,03,62,241
- (3) Current Liabilities			
(a) Financial Liabilities			
i Borrowings	16	-	4,44,23,712
ii Trade Payables	17	8,01,63,048	16,93,31,101
iii Other Financial Liabilities			
(b) Other Current Liabilities	18	2,44,84,118	9,81,89,714
(c) Current Tax Liabilities	19	2,90,26,790	1,83,49,670
Total Current Liabilities		13,36,73,956	33,02,94,197
Total Liabilities (2+3)		20,73,98,815	40,06,56,438
Total Equity and Liabilities		1,26,42,89,453	1,18,07,74,320

Significant Accounting Policies

The accompanying notes 1 to 31 are an integral part of the financial statements.

For **PARY & CO**
Chartered Accountants
(Firm's Registration No.007288C)
Sd./-
P. Vamsi Krishna Reddy
Partner
M.No.224674

For and on behalf of the Board of Directors

Sd/
J. Murali Krishna
Managing Director & CFO

Sd/
J. Sujatha
Director

Date : 29-05-2019

Place : Hyderabad

VEDAVAAG SYSTEMS LIMITED

103, West Block, Siri Sai Orchid, Madhapur, Hitec City, Hyderabad 500 081

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2019

Particulars	Note No.	For the year ended 31.03.2019 Rs.	For the year ended 31.03.2018 Rs.
1 INCOME			
a) Revenue from Operations	20	77,34,32,780	91,70,17,108
b) Other Income	21	89,70,262	40,12,179
Total Income		78,24,03,042	92,10,29,287
2 EXPENSES			
a) Project Expenses	22	19,07,45,569	40,19,91,394
b) Cost of Material	23	22,36,41,183	21,25,42,218
c) Employee Benefits Expense	24	11,76,28,418	3,07,15,610
d) Finance Cost	25	4,98,141	4,52,163
e) Depreciation and Amortisation Expense		4,55,84,355	4,05,56,038
f) Other Expenses	26	7,63,91,253	1,91,98,144
Total Expenses		65,44,88,919	70,54,55,568
3 Profit Before Tax		12,79,14,123	21,55,73,719
Tax Expenses			
Current Tax		2,68,14,060	4,93,16,603
Deffered Tax		11,92,827	1,63,82,666
4 Profit After Tax		9,99,07,236	14,98,74,450
5 Other Comprehensive Income			
a) (i) Items that will not be reclassified to profit or loss		-	-
(ii) Income Tax relating to items that will not be reclassified to profit or loss		-	-
b) (i) Items that will be reclassified to profit or loss		-	-
(ii) Income Tax relating to items that will be reclassified to profit or loss		-	-
Total other comprehensive Income		9,99,07,236	14,98,74,450
6 Total Comprehensive Income			
7 Earnings per Share			
a) Basic		4.358	10.001
b) Diluted		4.358	10.001

For **PARY & CO**

Chartered Accountants
(Firm's Registration No.007288C)

Sd./-

P. Vamsi Krishna Reddy

Partner
M.No.224674

Date : 29-05-2019
Place : Hyderabad

For and on behalf of the Board of Directors

Sd/

J. Murali Krishna
Managing Director & CFO

Sd/

J. Sujatha
Director

Consolidated Statement of Changes in Equity

A. Equity Share Capital	AS AT 31.03.2019 Rs.	AS AT 31.03.2018 Rs.
Balance at the beginning	159,350,000	142,500,000
Add: Changes in Equity share capital during the year	69,900,000	16,850,000
Closing Balances	229,250,000	159,350,000

B. Other Equity

Particulars	AS AT 31.03.2019 Rs.	AS AT 31.03.2018 Rs.
Other Reserves		
Capital Reserve	10,667,080	10,667,080
Securities Premium	314,575,000	111,865,000
Equity share warrant money	-	81,071,250
Equity share warrant money Forfeited*	12,918,750	-
Surplus		
Opening Balances	417,164,552	282,815,969
Add: Profit during the Year	99,907,235	149,874,450
Less: Dividend for Financial Year 2018-19	22,925,000	15,525,867
Less: Dividend Tax for Financial Year 2018-19	4,666,980	-
Closing Balances	489,479,808	417,164,552
Total	827,640,638	620,767,882

* Forfeited Share warrents represents 13,25,000 number of share warrents at the rate of Rs.9.75/-

VEDAVAAG SYSTEMS LIMITED

103, West Block, Siri Sai Orchid, Madhapur, Hitec City, Hyderabad 500 081

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31-3-2019

	Particulars	For the year ended 31.03.2019 Rs.	For the year ended 31.03.2018 Rs.
A	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit Before Tax	12,79,14,122	21,55,73,718
	Adjustments for:		
	Depreciation	4,55,84,355	4,05,56,038
	Dividend for the year	-2,75,91,980	-1,55,25,867
	Interest & Finance Charges	4,98,141	4,52,163
	Interest Income	-11,13,937	-2,77,026
	Operating Profit before Working		
	Capital Changes	14,52,90,701	24,07,79,026
	Adjustments for:		
	Increase/(Decrease) in Inventories	23,99,804	14,94,16,505
	Increase/(Decrease) in Trade Receivables	15,08,94,382	-27,33,74,840
	Increase/(Decrease) in Other Non-Current Assets	57,64,150	3,89,670
	Increase/(Decrease) in Other Current Assets	-16,70,21,860	-9,64,12,593
	Increase/(Decrease) in Trade Payables	-8,91,68,052	-6,22,42,441
	Increase/(Decrease) in Other Current		
	Liabilities & Provisions	-10,74,52,188	59,96,146
	Increase/(Decrease) in Non Current Liabilities	33,62,618	1,19,52,561
	Cash generated from operations	-5,59,30,445	-2,34,95,966
	Income Tax	2,80,06,887	4,63,09,243
	Net Cash flow from Operating activities	-8,39,37,332	-6,98,05,209

	Particulars	For the year ended 31.03.2019 Rs.	For the year ended 31.03.2018 Rs.
B	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of Fixed Assets and Capital Work In Progress	-11,08,68,775	-10,30,70,935
	Purchase of Investments	-	2,00,000
	Interest Received	11,13,937	2,77,026
	Net Cash used in Investing activities	-10,97,54,837	-10,25,93,909
C	CASH FLOW FROM FINANCING ACTIVITIES		
	Increase in Share Capital	6,99,00,000	1,68,50,000
	Increase in Securities Premium	20,27,10,000	4,88,65,000
	Change in Other Equity	1,29,18,750	1,43,39,444
	Decrease in Equity Share Warrents	-8,10,71,250	-1,64,28,750
	Interest Charges	-4,98,141	-4,52,163
	Long Term Borrowings	-	4,87,33,734
	Net Cash used in financing activities	20,39,59,359	11,19,07,265
	Net Increase in Cash & Cash Equivalents	1,02,67,189	-6,04,91,853
	Cash and Cash Equivalent at the beginning of the period	2,31,74,329	8,36,66,182
	Cash and Cash Equivalent at the end of the period	3,34,41,518	2,31,74,329

For **PARY & CO**
Chartered Accountants
(Firm's Registration No.007288C)
Sd./-
P. Vamsi Krishna Reddy
Partner
M.No.224674

For and on behalf of the Board of Directors

Sd/ J. Murali Krishna Managing Director & CFO	Sd/ J. Sujatha Director
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Date : 29-05-2019
Place : Hyderabad

Notes Forming Part of the Consolidated Financial Statements

1. Company Information:

Vedavaag Systems Limited ("The Company") is a Public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on BSE stock exchange in India.

The registered office of the company is located at 1-90-8/13, B Block, 103, Siri Sai Orchid, Hi-Tech City, Madhapur, and Hyderabad-500081 Telangana. The Company is principally engaged in IT Sales and Services like Governance & Citizen Services, Banking, Finance and Insurance Services.

The financial Statements for the year ended 31st March 2019 were approved by the Board of Directors and Authorised for issue on 29th May, 2019.

2. Significant Accounting Policies:

a. Statement of Compliance:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind-AS) specified under Section 133 of companies Act, 2013, read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, with effect from 1st April 2017. Previous periods have been restated to Ind-AS.

b. Basis of Preparation:

The financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date.

c. Functional and Presentation Currency:

These financial statements are presented in Indian Rupees (INR), which is the Company's functional currency.

d. Use of Estimates and Judgement:

The preparation of the financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application

of accounting policies and the reported amounts of assets, liabilities, disclosures of contingent liabilities and contingent assets at the date of the financial statements and reported amounts of income and expenses during the period. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

e. Current and Non-Current classification:

The Company presents assets and liabilities in the balance sheet on current /non-current classification.

An asset is current when it is:

- ◆ Expected to be realised or intended to be sold or consumed in normal operating cycle;
- ◆ Held primarily for the purpose of trading;
- ◆ Expected to be realized within twelve months after the reporting period; or
- ◆ Cash or Cash equivalent unless restricted from being exchanged or used settle a liability for at least twelve months after the reporting period.

All the other assets are classified as non-current.

A liability is current when:

- ◆ It is expected to be settled in normal operating cycle;
- ◆ It is held primarily for the purpose of trading
- ◆ It is due to be settled within twelve months after the reporting period; or
- ◆ There is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All the other liabilities are classified as non-current.

Deferred tax assets/liabilities are classified as non-current.

f. Property, Plant and Equipment:

Recognition and measurement

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if:

- (a) It is probable that future economic benefits associated with the item will flow to the entity; and
- (b) The cost of the item can be measured reliably.

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure directly attributable to the acquisition of the asset. General and specific borrowing costs directly attributable to the construction of a qualifying asset are capitalized as part of the cost.

Depreciation:

The Company depreciates property, plant and equipment over the estimated useful life on a straight-line basis from the date the assets are available for use.

The estimated useful life of assets is reviewed and where appropriate are adjusted, annually.

Subsequent Cost:

Subsequent expenditure relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably.

g. Intangible Assets:

An intangible asset shall be recognised if, and only if:

- (a) It is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- (b) The cost of the asset can be measured reliably.

An intangible asset shall be carried at its cost less any accumulated amortisation. Intangible assets are amortisation on straight line basis.

h. Investments:

Long term and unquoted current investments are stated at cost and quoted current investments at lower of cost or market value. Provision for diminution in value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.

i. Inventory:

Inventories shall be measured at the lower of cost and net realisable value

Cost of Inventory is determined using the FIFO.

j. Revenue Recognition:

The company primarily derives Revenue from rendering IT and IT enabled services, System Integration/IOT Projects.

- i) Revenue from time and material engagements is recognized on time proportion basis as and when the services are rendered in accordance with the terms of the contracts with customers.

- ii) In case of fixed price contracts, revenue is recognized based on the milestones achieved as specified in the contracts, on proportionate completion basis.
- iii) Revenue from maintenance contracts and subscription is recognized on a pro-rata basis over the period of the contract.
- iv) Unbilled revenue represents revenue recognized in relation to work done on time and material projects and fixed price projects until the balance sheet date for which billing has not taken place.
- v) Interest income is recognized on a time proportion basis taking into account the carrying amount and the effective interest rate. Interest income is included under the head 'Other income' in the statement of profit and loss.

k. Income Tax:

Income tax comprises current and deferred tax. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to a business combination, or items directly recognized in equity or in other comprehensive income.

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amounts are those that are enacted or substantively enacted as at the reporting date and applicable for the period. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and liability simultaneously.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority. Deferred tax is recognized in profit or loss except to the extent that it relates to items recognized directly in OCI or equity, in which case it is recognized in OCI or equity.

I. Employee Benefits:**Gratuity:**

In accordance with the Payment of Gratuity Act, 1972, applicable for Indian companies, the Company provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Company. The gratuity fund is managed by third party funds. The Company's obligation in respect of the gratuity plan, which is a defined benefit plan, is provided for based on actuarial valuation using the projected unit credit method. The Company recognizes actuarial/Re measurement gains and losses in other comprehensive income, net of taxes.

Provident Fund:

The Company make contribution to the statutory provident fund in accordance with the Employees' Provident Funds and Miscellaneous Provision Act, 1952 which is a defined contribution plan and contribution paid or payable is recognized as an expense in the period in which the services are rendered.

Leave Encashment:

The Company measures the expected cost of compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The Company recognizes accumulated compensated absences based on actuarial valuation using the projected unit credit method. Non-accumulating compensated absences are recognized in the period in which the absences occur.

m. Impairment of Non-financial Assets:

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment considering the provisions of Ind AS 36 'Impairment of Assets'. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

n. Earnings per Share:

Basic earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Group by the weighted average number of equity shares outstanding during the financial year.

Diluted earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Group by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

Basic and diluted earnings per equity share are also computed using the earnings amounts excluding the movements in regulatory deferral account balances.

o. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

p. Critical accounting judgements and key source of estimation uncertainty:

The preparation of financial statements requires management to make judgments, estimates and assumptions that may impact the application of accounting policies and the reported value of assets, liabilities, income, expenses and related disclosures concerning the items involved as well as contingent assets and liabilities at the balance sheet date. The estimates and management's judgments are based on previous experience and other factors considered reasonable and prudent in the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In order to enhance understanding of the financial statements, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is as under:

1. Useful life of property, plant and equipment:

The estimated useful life of property, plant and equipment is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

Useful life of the assets of the group is as per the schedule II of the Companies Act, 2013. The Group reviews at the end of each reporting date the useful life of property, plant and equipment.

2. Recoverable amount of property, plant and equipment:

The recoverable amount of plant and equipment is based on estimates and assumptions regarding in particular the expected market outlook and future cash flows associated with the power plants. Any changes in these assumptions may have a material impact on the measurement of the recoverable amount and could result in impairment.

3. Post-employment benefit plans:

Employee benefit obligations are measured on the basis of actuarial assumptions which include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, the rate of salary increases and the inflation rate. The Group considers that the assumptions used to measure its obligations are appropriate and documented. However, any changes in these assumptions may have material impact on the resulting calculations.

4. Assets held for sale

Significant judgment is required to apply the accounting of non-current assets held for sale under Ind AS 105 "Non-Current Assets held for sale and discontinued Operations". In assessing the applicability, management has exercised judgment to evaluate the availability of the asset for immediate sale, management's commitment for the sale and probability of sale within one year to conclude if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

5. Provisions and contingencies:

Management judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy.

6. Impairment of Investments:

Investments in Subsidiaries are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in the economic environment.

Impairment test is performed at entity level. An impairment loss is recognised whenever the carrying amount of Investment exceeds its recoverable amount.

The recoverable amount is the greater of its fair value less costs to sell and value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. The calculation involves use of significant estimates and assumptions which include turnover and gross margin, growth rate and net margin used to calculate projected future cash flows, discount rate and long term growth rate.

q. Recent accounting pronouncements:

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration on March 28, 2018, the Ministry of Corporate Affairs('the MCA') notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

Ind AS 115, Revenue from Contract with Customers: On March 28, 2018, the MCA notified the Ind AS 115. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- ◆ Retrospective approach – Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting policies, Changes in Accounting Estimates and Errors.

- ◆ Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch – up approach)

The effective date for adoption of Ind AS 115 is financial period beginning on or after April 1, 2018.

The company will adopt the standard on April 1, 2018 by using the cumulative catch up transition method and accordingly, comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insufficient.

r. Financial Instruments:

As per Ind AS 109, Financial Instruments, all financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Financial assets are subsequently measured at amortized cost, fair value through profit or loss or fair value through other comprehensive income as the case may be.

On account of adoption of Ind AS 109, the group uses Expected Credit Loss(ECL) model to assess the impairment loss or gain. The group uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled revenues. The provision matrix takes into account available external and internal credit risk factors, credit ratings and the Group's historical experience for customers. The adoption of ECL model did not have a material impact on the financial statements.

Fair value of financial instrument:

In determining the fair value of financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value and such value may never actually be realized.

For financial assets and liabilities maturing within one year from the Balance Sheet date and which are not carried at fair value, the carrying amounts approximate fair value due to the short maturity of these instruments.

NOTES TO STANDALONE BALANCE SHEET

Note 1 : Property Plant & Equipment

Particulars	Computer Hardware	Furniture & Fixtures	Vehicles	Office Equipment	Others	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Gross Block						
Balance as at 31.03.2018	44,67,64,536	1,03,50,165	1,02,39,585	26,85,952	1,06,47,251	48,06,87,490
Additions	5,25,078	12,01,101		3,26,852	2,24,275	22,77,306
Deletions						
Balance as at 31.03.2019	44,72,89,614	1,15,51,266	1,02,39,585	30,12,804	1,08,71,526	48,29,64,795
Accumulated Depreciation						
Balance as at 31.03.2018	25,55,26,867	90,29,026	23,50,970	7,87,048	73,83,069	27,50,76,980
Charge for the year	2,24,55,257	98,006	7,69,140	1,71,150	2,16,466	2,37,10,019
Deletion	-	-	-	-	-	-
Balance as at 31.03.2019	27,79,82,124	91,27,032	31,20,110	9,58,198	75,99,535	29,87,86,999
Net Block						
Balance as at 31.03.2018	19,12,37,669	13,21,139	78,88,615	18,98,904	34,19,681	20,57,66,009
Balance as at 31.03.2019	16,93,07,490	24,24,234	71,19,475	20,54,606	32,71,992	18,41,77,796

Note 2 : Other Intangible Assets

Particulars	Project WIP Rs.	Computer Software	Total Rs.
Gross Block			
Balance as at 31.03.2018	20,713,000	137,849,625	158,562,625
Additions	29,976,175	50,060,175	80,036,350
Deletions / Transfer to Intangible Assets	49,976,175	-	49,976,175
Balance as at 31.03.2019	7,13,000	187,909,800	188,622,800
Amortization			
Balance as at 31.03.2018		40,667,107	40,667,107
Charge for the year		21,874,336	21,874,336
Disposals		-	-
Balance as at 31.03.2019		62,541,443	62,541,443
Net Block			
Balance as at 31.03.2018	20,713,000	97,182,518	117,895,518
Balance as at 31.03.2019	713,000	125,368,357	126,081,357

Note 3 : Non Current Invesments

Particulars	AS AT 31.03.2019 Rs.	AS AT 31.03.2018 Rs.
A. Investment in Wholly Owned Subsidiaries (At Cost)		
1. Investment in Equity Instruments (Unquoted)		
VSL Data Systems Private Limited (formaly Synaptic Systems Pvt.Ltd) 30,00,000 Equity shares of Rs.10 each	-	-
Vagdevi Sark Edutech Private Limited 10000 equity shares of Rs.10 each	-	-
Vedavaag common Service Centers Private Limited 10000 equity shares of Rs.10 each	-	-
2. Investments in Preference Shares		
VSL Data Systems Private Limited 40,00,000 5% Redeemable Cumulative Preference shares of Rs.10 each	-	-
Total	-	-
Aggregate value of Unquoted investments	-	-

Note 4 : Other Non Current Assets

Particulars	AS AT 31.03.2019 Rs.	AS AT 31.03.2018 Rs.
Capital Advances	-	-
Deposits * (Unsecured Considered good)	279,000	6,043,150
Total	279,000	6,043,150

Note 5 : Inventory

Particulars	AS AT 31.03.2019 Rs.	AS AT 31.03.2018 Rs.
Inventories and Project WIP (valued at FIFO)	9,432,691	11,832,495
Total	9,432,691	11,832,495

Note 6 : Trade Receivables

Particulars	AS AT 31.03.2019 Rs.	AS AT 31.03.2018 Rs.
Secured, Considered Good (Receivable from Govt.Parties and Others)	-	-
UnSecured, Considered Good (Receivable from Govt.Parties and Others)	415,118,626	566,013,008
Total	415,118,626	566,013,008

Note 7 : Cash and Cash Equivalents

Particulars	AS AT 31.03.2019 Rs.	AS AT 31.03.2018 Rs.
Balance with Bank	12,497,269	14,186,848
Cash on Hand	8,522,364	2,726,315
Total	21,019,633	16,913,163

Note 8 : Bank Balances Other than above

Particulars	AS AT 31.03.2019 Rs.	AS AT 31.03.2018 Rs.
Balance with Bank (Margin Money Deposits)	12,421,885	6,261,166
Total	12,421,885	6,261,166

Note 9 : Current Tax Asset

Particulars	AS AT 31.03.2019 Rs.	AS AT 31.03.2018 Rs.
Provision for the year		-
Less:TDS		-
Total		-

Note 10 : Other Current Assets

Particulars	AS AT 31.03.2019 Rs.	AS AT 31.03.2018 Rs.
Advances other than Capital Advances		
Security Deposits	4,82,036	1,474,346
Advance to Subsidiaries *	-	120,757,923
Projects in Progress	209,604,768	-
Other Advances	201,451,642	122,284,317
MAT Credit	5,533,225	5,533,225
Total	417,071,672	250,049,811

Note No. 11 : Equity

A) Equity Share Capital	As at 31.03.2019		As at 31.03.2018	
	Number	Rs.	Number	Rs.
Authorised				
Equity Shares of Rs. 10 Each	30,000,000	300,000,000	30,000,000	300,000,000
8% Preference Shares of Rs. 10/-each	-		-	-
Total		300,000,000		300,000,000
Issued, Subscribed & paid up				
Equity shares of Rs. 10 Each			15,935,000	159,350,000
Total				159,350,000
Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period				
Particulars	Number	Rs.	Number	Rs.
Shares outstanding at the beginning of the year	15,935,000	159,350,000	14,250,000	142,500,000
Shares issued during the year	6,990,000	69,900,000	1,685,000	16,850,000
Shares bought back during the year				
Shares outstanding at the end of the year	22,925,000	229,250,000	15,935,000	159,350,000
Terms/rights attached to equity shares, including restrictions on distribution of dividends and the repayment of capital				
The Company has only one class of shares referred to as equity shares having a par value of Rs 10 each				
Each holder of equity share is entitled to one vote per share.				
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts.				
The distribution will be in proportion to the number of equity shares held by the shareholders				

Shares in the Company held by each share holder holding more than 5 percent shares specifying the number of shares				
Name of Share Holder	As at 31st March 2019		As at 31st March 2018	
	No of Shares Held	% of holding	No of Shares Held	% of holding
J.MURALI KRISHNA	4,598,712	20.06%	1,598,712	10.03%
J.S.R.DURGA PRASAD	3,584,960	15.64%	1,609,960	10.10%
In the Period of Five Years immediately preceding March 31st 2019 i. The company has not bought back any equity shares. ii. The company has not allotted any equity shares as fully paid up without payment being received in cash. iii. During the year the company has allotted 69,90,000 equity shares on conversion of equity share warrants issued earlier.				

Notes to Consolidated Financial Statement

Note 12 : Other Equity

Particulars	AS AT 31.03.2019 Rs.	AS AT 31.03.2018 Rs.
Other Reserves		
Capital Reserve	10,667,080	10,667,080
Securities Premium	314,575,000	111,865,000
Equity share warrant money	-	81,071,250
Equity share warrant money Forfeited*	12,918,750	-
Surplus		
Opening Balances	417, 164,552	282,815,969
Add: Profit during the Year	99,907,235	149,874,450
Less: Dividend for Financial Year 2018-19	22,925,000	15,525,867
Less: Dividend Tax for Financial Year 2018-19	4,666,980	-
Closing Balances	489,479,808	417,164,552
Total	827,640,638	620,767,882

* Forfeited Share warrents represents 13,25,000 number of share warrents at the rate of Rs.9.75/-

Note 13 : Borrowings (Non Current)

Particulars	AS AT 31.03.2019 Rs.	AS AT 31.03.2018 Rs.
Vehicle Loan* (secured by Hypothication of the Vehicles)	3,509,712	4,796,710
Total	3,509,712	4,796,710

* Vehicle loan from Andhra Bank availed at an interest rate of 9.2% p.a., repayable in 60EMIs and the outstanding balance is Rs.10.50 lakhs. There is no overdue installement

* Vehicle loan from Diamler Financial Services Pvt.Ltd. availed at an interest rate of 8.37% p.a., repayable in 60 EMIs and the outstanding balance is Rs.24.60 Lakhs. There is no overdue installement

Note 14 : Deferred Tax Liabilities (Net)

Particulars	AS AT 31.03.2019 Rs.	AS AT 31.03.2018 Rs.
Opening Balance	39,448,161	22,883,710
Add or (Less):Charge during the Year	1,011,041	16,382,665
Total	40,459,202	39,266,375

Note 15 : Other Non Current Liabilities

Particulars	AS AT 31.03.2019 Rs.	AS AT 31.03.2018 Rs.
Deposits *	29,755,945	26,299,156
Total	29,755,945	26,299,156

* Deposits includes Security Deposits received from Franchisees

Note : 16 Borrowings (Current)

Particulars	AS AT 31.03.2019 Rs.	AS AT 31.03.2018 Rs.
Unsecured loans from Directors (Interest Free)	-	44,423,712
Total	-	44,423,712

Note 17 : Trade Payables

Particulars	AS AT 31.03.2019 Rs.	AS AT 31.03.2018 Rs.
Trade Payables*	80,163,048	169,331,101
Total	80,163,048	169,331,101

*There are no dues to any MSME undertakings

Note 18 : Other Current Liabilities

Particulars	AS AT 31.03.2019 Rs.	AS AT 31.03.2018 Rs.
Expenses payable	5,160,508	37,086,659
Current maturities of Long term Debt (Vehicle loans)	1,457,504	1,618,380
Unpaid dividend	944,797	639,442
Taxes and Duties	16,921,309	58,845,233
Total	24,484,118	98,189,714

Note 19 : Current Tax Liability

Particulars	AS AT 31.03.2019 Rs.	AS AT 31.03.2018 Rs.
Provision for the year	40,511,983	30,805,830
Less:TDS	11,485,193	12,456,160
Total	29,026,790	18,349,670

Note 20 : Revenue From Operations

Particulars	AS AT 31.03.2019 Rs.	AS AT 31.03.2018 Rs.
Sales	235,920,586	298,152,927
Services	537,512,194	618,864,181
Total	773,432,780	917,017,108

Note 21 : Other Income

Particulars	AS AT 31.03.2019 Rs.	AS AT 31.03.2018 Rs.
Interest Income	1,113,937	277,026
Other Non Operating Income	7,856,325	3,735,153
Total	8,970,262	4,012,179

Note 22 : Project Expenses

Particulars	AS AT 31.03.2019 Rs.	AS AT 31.03.2018 Rs.
Project Expenses	190,745,569	401,991,394
Total	190,745,569	401,991,394

Note 23 : Cost of Material

Particulars	AS AT 31.03.2019 Rs.	AS AT 31.03.2018 Rs.
Opening Inventory	11,832,495	16,12,49,000
Add: Purchases (Net)	221,241,379	63,125,713
Total	233,073,874	224,374,713
Less: Closing Inventory	9,432,691	11,832,495
Total	223,641,183	212,542,218

Note 24 : Employee Benefit Expenses

Particulars	AS AT 31.03.2019 Rs.	AS AT 31.03.2018 Rs.
Salaries and Wages	117,628,418	30,715,610
Total	117,628,418	30,715,610

Note 25 : Finance Cost

Particulars	AS AT 31.03.2019 Rs.	AS AT 31.03.2018 Rs.
Interest -Others	-	12,712
Interest on Vehicle Loan	498,141	439,451
Total	498,141	452,163

Note 26 : Administrative and Marketing Expenses

Particulars	AS AT 31.03.2019 Rs.	AS AT 31.03.2018 Rs.
Audit Fee	307,500	228,750
Business Development and Marketing	1,040,313	998,100
Bank charges	1,378,414	132,438
Consultancy& Legal	592,000	1,699,821
Telephone & Internet	239,194	205,909
Miscellaneous	146,638	705,325
Meeting Expenses	140,000	178,068
Printing and Stationery	221,227	337,310
Insurance	84,455	56,193
Rent	6,359,253	4,894,881
Repairs and maintenance	663,499	680,533
Share Services Charges	692,086	965,041
Travelling and Conveyance	8,901,050	5,836,567
Office Maintenance	55,550,360	2,214,155
Web Server Maintenance	75,264	65,054
Total	76,391,253	19,198,144

Note : 27. Earnings per Share (in Rs)

Particulars	AS AT 31.03.2019 Rs.	AS AT 31.03.2018 Rs.
Numerator for EPS		
Net Profit after tax (A)	99,907,236	149,874,450
Weighted Average no. of Shares considered for Denominator for Basic EPS (B)*	22,925,000	14,985,417
Basic and diluted Earnings Per Share (A)/(B)	4.358	10.001

28. Related Party Disclosures
I) RELATED PARTIES WHERE CONTROL EXISTS

COMPANY	TYPE OF RELATION
VSL DATA SYSTEMS PRIVATE LIMITED	WHOLLY OWNED SUBSIDIARY
VAGDEVI SARK EDUTECH PRIVATE LIMITED	WHOLLY OWNED SUBSIDIARY
VEDAVAAG COMMON SERVICE CENTERS PRIVATE LIMITED	WHOLLY OWNED SUBSIDIARY

II) KEY MANAGEMENT PERSONNEL

- a) J. Murali Krishna- MD & CFO
- b) D. Himabindu- Company Secretary

III) RELATED PARTY TRANSACTIONS DURING THE YEAR

Nature of transactions	Name of Entity	31-March-2019	31-March-2018
Loan to Subsidiaries	VSL DATA SYSTEMS PRIVATE LIMITED	Rs.60,952,144	Rs. 78,40,000
	VAGDEVI SARK EDUTECH PRIVATE LIMITED	Rs.50,00,000	Rs. 94,22,215
	VEDAVAAG COMMON SERVICE CENTERS PRIVATE LIMITED	Rs.35,00,000	Rs.1,84,25,000

IV) REMUNERATION OF KEY MANAGERIAL PERSONNEL:

Particulars of Remuneration	For the year ended	
	31-March-2019	31-March-2018
Short Term employee benefits	Rs.57.02 lakhs	Rs.43.26 lakhs

* The above post-employment benefits excludes gratuity and compensated absences which cannot be separately identified from the composite amount advised by the actuary.

VI) OUTSTANDING BALANCES

		31-March -2019	31-March -2018
Equity Investment in Subsidiaries	VSL DATA SYSTEMS PRIVATE LIMITED	Rs.30,000,000	Rs.30,000,000
	VAGDEVI SARK EDUTECH PRIVATE LIMITED	Rs.100,000	Rs.100,000
	VEDAVAAG COMMON SERVICE CENTERS PRIVATE LIMITED	Rs.100,000	Rs.100,000
Preference Shares Investment in Subsidiaries	VSL DATA SYSTEMS PRIVATE LIMITED	Rs.40,000,000	Rs.40,000,000
Loan to subsidiaries	VSL DATA SYSTEMS PRIVATE LIMITED	Rs.177,447,205	Rs.116,495,061
	VAGDEVI SARK EDUTECH PRIVATE LIMITED	Rs.14,422,215	Rs.9,422,215
	VEDAVAAG COMMON SERVICE CENTERS PRIVATE LIMITED	Rs.21,925,000	Rs.18,425,000

29. Contingent liabilities

The Company has submitted Performance Bank Guarantees worth Rs.4.25 Crore issued by M/s Andhra Bank for various projects under execution.

Certain Claims and Counter Claims regarding one of the Suppliers is sub judice and management is confident that there will not be any liability on company. Hence no provision has been made. Interest and Penalty on delay in filing of statutory returns is not provided for. Certain Claims and Counter Claims regarding one of the Suppliers is sub judice and management is confident that there will not be any liability on company. Hence no provision has been made.

Interest and Penalty on delay in filing of statutory returns is not provided for.

30. Corporate social responsibility

In accordance with section 135(5) of the Companies Act, 2013, The CSR expenditure to be spent is Rs.26.35 lakhs and the same shall be spent during the F.Y.2019-20.

31. Previous year's figures have been regrouped where necessary to conform to current year's classification.

Form No. MGT-11

Proxy Form

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : **L72200TG1998PLC029240**
Name of the Company : **VEDAVAAG SYSTEMS LIMITED**
Registered office : **103, West Block, Siri Sai Orchid, Hitechcity,
Madhapur, Hyderabad, Telangana, India - 500 081.**

Name of the Member(s) : _____
Registered address : _____

I/ We being the member of _____,
holding _____ shares, hereby appoint Name _____
_____ Address _____
_____ E-mail Id _____

Signature _____ or failing him
Name _____
Address _____
E-mail Id _____ Signature _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **21st Annual General Meeting of members of the Company, to be held on Monday, 30th September, 2019 at 11.30 A.M. at The Federation of Telangana Chambers of Commerce and Industry (Formerly known as FTAPCCI), Red hills, Hyderabad-500004**, and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.

1. To receive, consider and adopt the Audited Standalone and Consolidated Financial Statements of the Company for the financial year ended 31st March, 2019 together with the reports of the Board of Directors and Auditors thereon.
2. To declare dividend on the Equity shares of the Company for the financial year 2018- 19.
3. To appoint a Director in place of Mrs.Sujatha Jonnavittula who retires by rotation and being eligible offers herself for reappointment .

4. To re-appoint M/s. PARY & Co as statutory auditors of the company , to hold office from conclusion of 21st Annual General Meeting until the conclusion of 22nd Annual General Meeting and to authorize Board of Directors to fix their remuneration.

Signed this _____ day of _____ 2019

Signature of Shareholder

Affix
Revenue
Stamp

Signature of Proxy holder(s)

Note: This form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, before the commencement of the Meeting.

Format of Attendance Slip of Annual General Meeting

ATTENDANCE SLIP

21st Annual General Meeting, 30th September 2019, at 11.30 A.M.

Regd. Folio No. _____ /DP ID _____ Client ID/Ben.

A/C _____ No. of shares held _____

I certify that I am a registered shareholder/proxy for the registered Shareholder of the Company and hereby record my presence at the (21st Meeting) Annual General Meeting of the Company on **Monday, 30th September, 2019 at 11.30 A.M. at Federation of Telangana Chambers of Commerce and Industry (Formerly Known as FTAPCCI), Red Hills, Hyderabad - 500 004.**

Member's/Proxy's name in Block Letters

Member's/Proxy's Signature

Note: No Additional / Duplicate Attendance Slip will be issued at the Meeting Hall.