

BOARD OF DIRECTORS:

Sri J.S.R. Durga Prasad	Chairman
Sri J. Murali Krishna	Managing Director
Sri. P.V. Narasimham	Director (Part of the year)
Sri. Guhan Subramaniam	Nominee Director
(Sara Fund Trustee Company (P) Ltd managed by IL & FS)	
Sri V. Umapathi	Director
Dr. G.T. Murthy	Director

AUDITORS:

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

Bankers:

UCO Bank
Axis Bank
State Bank of India

REGD. & CORP. OFFICE:

403, West Block, Siri Sai Orchid, Madhapur, Hitec City
Hyderabad - 500081

C O N T E N T S

Notice of Annual General Meeting
Directors' Report and Management Discussion & Analysis
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NOTICE

Notice is hereby given that the 12th Annual General Meeting of the members of SARK SYSTEMS INDIA LIMITED will be held on 31st day of December 2010 at 9:00 a.m at Royal Functional Hall, Motinagar, Hyderabad - 500018 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the audited Balance Sheet as on 31st March, 2010 and Profit and Loss Account of the Company for the year ended 31st March, 2010 and reports of the Directors' and Auditors' thereon.
2. To appoint Sri. V. Umapathi as Director who is liable to retire by rotation and being eligible offers himself for reappointment.
3. To appoint Dr G T Murthy as Director who is liable to retire by rotation and being eligible offers himself for reappointment.
4. To appoint M/s Mahesh, Virender and Sriram as Auditors of the Company and fix their remuneration.

SPECIAL BUSINESS:

5. Change of name of the Company :

To consider and if thought fit to pass the following resolution as a special resolution.

"RESOLVED THAT pursuant to the provisions of Section 21 of the Companies Act, 1956 and subject to necessary approvals from Registrar of Companies and other necessary authorities, the name of the Company be changed from M/s. Sark Systems India Limited to M/s. Vedavaag Systems Limited.

6. To alter the Name Clause of Memorandum of Association :

To consider and if thought fit to pass the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to the provisions of the Act, the Name Clause of the Memorandum be changed as follows.

The Name of the Company is Vedavaag Systems Limited.

7. To alter the Regulation 2C of the Articles of Association of the Company .

To consider and if thought fit to pass the following resolution as a Special Resolution.

"RESOLVED THAT THE existing Regulation 2C Of the Articles of Association be altered as follows

The Company or This Company means "Vedavaag Systems Limited"

8. Increase of Authorised Share Capital of the Company:

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

"Resolved that pursuant to the provisions of section 94 of the companies act , 1956 and other applicable provisions if any of the Act, the Authorised Share Capital of the company be increased from RS 11.00 Crs (Rupees Eleven Crores only) to Rs 20.00 Crs (Rupees Twenty Crores only) by creation of additional 90,00,000 equity shares of RS 10/- each with power for the company to consolidate convert, sub divide, reduce or increase the capital and to issue any new shares with any preferential or special rights and conditions attached thereto as per the provisions of the companies act, 1956.

9. Alteration of Capital clause of the memorandum of association.

To consider and if thought fit to pass the following resolution as a special resolution

“ Resolved that pursuant to section 16 of the companies act , 1956 the capital clause of the memorandum of association of the company be amended as follows.

The authorized share capital of the company is Rs 20.00 Crs (Rupees twenty Crores only) divided into 190,00,000 (one hundred ninty lakhs) equity shares of Rs 10/each and 10,00,000 (ten lakhs) preference equity shares of Rs 10 each..

The company has power from time to time increase in capital as equity or preferred shares and to attach any class or classes of such shares, preferences, rights, privileges, or priorities in payment of dividend or distribution of assets or otherwise over any other shares and to subject the same to any restrictions , limitations, or conditions and to vary the regulations of the company as to a portion the right to participate in profits in any manner subject to the prior consent of the government of India or the order of the court , if the same will be necessary, being obtained before doing so.

By Order of the Board

Place: Hyderabad
Date: 03.12.2010

J. Murali Krishna
Managing Director

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy and vote instead of himself / herself and such a proxy need not be a member of the company. The proxy forms in order to be valid shall be lodged with the company not later than 48 hours before the meeting.
2. An explanatory statement pursuant to section 173(2) of the Companies Act, 1956, in respect of Special Business Item No.5 to 7 is annexed hereto.
3. The Share Transfer Register and Register of members of the Company will remain closed from 27th day of December 2010 to 31st day of December, 2010 (both days inclusive).
4. Members / Proxies attending the meeting are requested to duly fill in and sign in the enclosed attendance slip with their copy of Annual Report to the Meeting.
5. Members who hold their shares in dematerialized form are requested to bring their Client ID and DP numbers for easy identification of attendance at the meeting.
6. Shareholders are requested to intimate immediately any change in their address and bank account details registered with the Company in case of physical holders and in case of demat holders to their DP holders directly.
7. Pursuant to the requirements of the Listing Agreement of Stock Exchanges on Corporate Governance, the information about the Directors proposed to be reappointed is given in the annexure to the Notice.
8. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
9. The copy of Memorandum & Articles of Association of the Company is available for inspection by the members on any working hours of the Company and also at the place of meeting till conclusion of meeting.

10. Retirement of Directors by rotation:

Dr G T Murthy holds a doctorate in Physics and was associated with research organizations like TIFR, ASA(USA), MIT(USA) and as project head of ECIL, Semiconductor Complex Limited. He rendered a decade of service for Crompton Greaves Limited, setting up their electronic business.

Sri V Umapathi , is a Chartered Accountant and he is a partner at M/s Jawahar & Associates with over three decades industry and consulting experience.

Directors commend the reappointment of above persons as directors of the company.

EXPLANATORY STATEMENT

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

Item No. 5 to 7 :

To have auspicious name and improved identity ie more suitable to existing objects the board suggested the name of Vedavaag and got the name clearance by Registrar of Companies.

With the proposed change of name, the consequential changes are required in the existing Memorandum and Articles and hence the above resolutions are recommended for the approval of the members.

None of the Directors of the Company are concerned or interested in the above resolution.

Item 8 to 9:

In order to expand the business operations and to explore the options to reduce the debt, the board suggested that the authorized capital be enhanced as stated above.

By order of the Board

Place : Hyderabad
Date : 03.12.2010

MANAGING DIRECTOR

DIRECTORS' REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

The Directors have pleasure in presenting their 12th Annual Report together with the Audited Accounts for the financial year ended 31st March 2010.

FINANCIAL RESULTS:

(Rupees in Lakhs)

Particulars	2009-2010	2008-2009
Total Income	1654.23	1336.93
Profit before Interest, Depreciation and Taxation	778.90	629.59
Interest	82.24	73.86
Depreciation	686.38	467.47
Preliminary & Public issue expenses w/off	2.46	3.07
Profit before Taxation	7.87	85.20
Provision for Taxation		
Fringe Benefit Tax	-	1.08
Income Tax	1.22	8.80
Deferred Tax	-	52.17
Profit after Taxation	6.65	23.14
Balance brought forward from previous year	427.13	413.35
Amount available for the appropriations	433.78	436.49
Preference Dividend	-	8.00
Corporate Dividend tax	-	1.36
Surplus carried forward	433.78	427.13

BUSINESS OUTLOOK AND MANAGEMENT DISCUSSION:

SARK Systems India Limited



Your directors are pleased to share with you that your company has completed twelve years.

E-Governance and Common Service Centers:

The company has established citizen service centers (known as common service centers) in rural India in Bihar and Haryana. While the company won support price in Bihar, the centers in Haryana were setup with no support price as at that point of time rural market boom was greatly envisaged. The various G2C services enunciated by the governments in the request for proposal are taking more time to launch and hence the gestation of the project to generate significant revenues also is extended.

After the global financial meltdown, again the finance industry is looking up and more products and services are entering into the rural market in a big way. Accordingly your company is soliciting tie-up with various insurance and financial services players and banks to play a significant role in financial inclusion.

The company is exploring tie-up with various portal based education service providers and skill imparting industry to launch the same in rural markets.

The company is bidding for National Population Register (NPR) in some of the states where it has presence/well established operations. National Poulation register is an exercise being done by registrar general of India as part of census process. RGI is intending collection biometrics information and digitizing the citizen information as per UID guidelines. This initiative provides a great opportunity for your company in the states it is present to get good volume of work. In the year 2010-11 and 2011-2012 these projects are expected to mature and give good results to your company.

Portals for Rural Market:

The company is hosting rural product marketing portal www.vabhee.in to launch intra village trading services. The portal is expected to give new dimension and broad base the business of SARK to rural retailing and merchandising.

It is also felt that the business of SARK has to be broad based than limiting only to e-Governance which is resulting stunted growth because of revenue dependence from only one sector – e governance and there by cash flow uncertainties leading to working capital problems. These issues accumulate to an extent that the growth of the organization also is getting stifled. It is expected that alternate cash flow generation will help in mitigating these risks.

Debtors Management:

The collections management from Government sector continued to be a strenuous exercise that is impacting the growth of the company also. Hence conscious decision is made to broad base the operations to reduce this single customer base-Government sector.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

Share capital:

The paid up share capital now stands at Rs.9,35,00,000 represented by 93,50,000 equity shares of Rs.10/- each.

Reserves and surplus:

During the year under review the reserves and surplus stood at Rs.1173.38 lakhs as compared to Rs.1166.73 lakhs in the previous year.

Fixed Assets:

The gross fixed assets of the company stood at Rs.4882.37 lakhs as at the end of the current year as compared to Rs. 4587.45 lakhs of previous year.

Net Current Assets:

The net current assets of the company have increased to Rs.1080.00 lakhs as on 31st March, 2010 from Rs.923.80 lakhs as at 31st March, 2009.

Dividend on Equity:

Your Directors do not recommend any appropriation towards dividend on Equity Share Capital for the year ended 31st March, 2010.

Fixed Deposits:

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

under review.

DIRECTORS:

Shri P V Narasimham, has resigned from the board expressing his inability to attend the board matters with his other preoccupation. Your board places on record the great services rendered by Shri Narasimham and the valuable advice during his association with us.

Shri Guhan Subramaniam has resigned from the board subsequent to the divesting of shares held by SARA Fund Trustee company (P) Limited and managed by IL & FS as Mr Guhan is the nominee on Board from Sara Fund. The board acknowledges the valuable advice rendered by Shri Guhan Subramaniam during his association with SARK.

Dr G. T Murthy and Shri V Umapathi directors of the company retire by rotation at the forthcoming annual general meeting and being eligible offer themselves for reappointment.

DIRECTORS RESPONSIBILITY STATEMENT:

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following in terms of Section 217 (2AA) of the Companies Act, 1956.

- i. That in accordance with the preparation of the accounts for the financial year ended 31st March, 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. That the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the company for the year under review.
- iii. That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv. That the directors have prepared the annual accounts on a going concern basis.

STATUTORY AUDITORS:

The Auditors, M/s Mahesh, Virender & Sriram, Chartered Accountants, Hyderabad retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has received letter from the auditors to the effect that their appointment as Auditors, if made, would be within the limits under Section 224 (1-B) of the Companies Act, 1956.

REPLIES TO AUDITORS' REPORT:

Since the company is engaged in infrastructure establishment and maintenance projects, and without adequate bank support, there were certain delays in depositing statutory dues. However, the instances are kept to the minimum and efforts are in place to ensure such instances do not happen in future.

CASH FLOW STATEMENT:

A Cash Flow Statement for the year ended 31st March, 2010 is attached with the Annual Audited Accounts of the Company.

LISTING INFORMATION:

The Securities of the Company are listed with and traded in dematerialized form at Bombay Stock Exchange Ltd from March 17th, 2009 onwards. The BSE Scrip Code is 533056 and ISIN No of the Company is INE359B01010. The Company has paid the Annual Listing Fees for the year 2009-10 to the Bombay Stock Exchange Ltd.

CORPORATE GOVERNANCE:

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

AUDIT COMMITTEE:

Audit Committee consists of the Directors namely Sri V.Umapathi, Sri P.V.Narasimham and Sri J.S.R.Durga Prasad

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE:

The particulars as prescribed under Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988:

A. Conservation of Energy:

The operations of the Company involve low energy consumption. Adequate measures have, however, been taken to conserve energy.

B. Technology Absorption:

Since business and technologies are changing constantly, investment in research and development

SARK Systems India Limited



activities is of paramount importance.

Your Company continues its focus on quality upgradation of product and services development.

	2009-2010	Rs. in Lakhs. 2008-2009
C. Foreign Exchange Earnings :	12.25	-
Foreign Exchange out go :	-	-

PERSONNEL:

As regards, information pursuant to Section 217(2AA) of the Companies Act, 1956 read with Companies (particulars of employees) Rules, 1975 (as amended), there are no employees governed by the said provisions.

INDUSTRIAL RELATIONS:

Industrial relations have been cordial and your Directors appreciate the sincere and efficient services rendered by the employees of the Company at all levels towards the successful working of the Company.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

Adequate internal control systems are in vogue commensurate with the size of the operations of the organization. Continuous efforts are being made by constant review to improve the same.

DECLARATION:

The Company is filing all Forms and Returns with the Registrar of Companies as required under the Companies Act, 1956. The Company has not committed any of the defaults specified under Section 274 (1)(g) of the Companies Act, 1956 (as amended by the Companies Act, 2000) disqualifying its Directors to act as Directors of other Public Limited Companies.

APPRECIATION:

Your Directors take this opportunity to thank all the investors, business partners, clients, bankers, regulatory and Governmental authorities, stock exchanges and employees for their continued support and confidence in the Company.

For & on behalf of the Board

Place: Hyderabad

J.S.R. Durga Prasad

J. Murali Krishna

Date : 03.12.2010

Chairman

Managing Director

CAUTIONARY STATEMENT:

Statements made in the Management Discussion and Analysis Report relating the Company's objectives, projections, outlook, expectations, estimates etc., may constitute 'forward looking statements' within the meaning of applicable laws and regulations. These statements are based on certain assumptions in respect of future events and Company assumes no responsibility in case the actual results differ materially due to change in internal or external factors.

CORPORATE GOVERNANCE REPORT

In terms of the amended Clause 49 of the Listing Agreement, compliance with the requirement of Corporate Governance is set out below.

1. Company's Philosophy on Code of Governance:

Corporate Governance contains a set of principles, process and systems to be followed by Directors, management and all employees of the Company for increasing the shareholders' value keeping in view of other stakeholders. While adhering to the above, the Company is committed to integrity, accountability, transparency and compliance with laws in all dealings with the Government, Customers, Employees, other stakeholders and general public.

2. Board of Directors:

Composition of Board

Category	No. of Directors	%
Executive Promoter Directors	1	12.50
Non-Executive Promoter Directors	1	12.50
Independent Non-Executive Directors	4	75.00
Total	6	100.00

Sri J.S.R. Durga Prasad chaired all the Board Meetings and Annual General Meeting. The Chairman being a Non-Executive Director (Promoter) of the Company, the Board has two-thirds of its strength comprising of Independent and non-executive directors. Non-executive Directors do not have any pecuniary relationship with the Company except as stated below:

S.No.	Name of the Director	No. of Equity Shares held
1.	Sri V.Umapathi	5000
2.	Sri P.V.Narasimham	NIL
3.	Sri Guhan Subrahmaniam	NIL
4.	Sri G.T.Murthy	1000

The functions, responsibility, role and accountability of the Board are well defined. The detailed reports of the company's activities are placed before the Board for effective decision-making. Various committees support the Board in its functions. The Board of Directors and its committees meet at regular intervals. The board has constituted three committees viz., Audit Committee, Share Transfer and Shareholders' Grievance Committee and Remuneration Committee.

Board Meetings held during the year 2009-2010:

The Company's Corporate Governance Policy requires the Board to meet at least four times in a year. The Board met Five (5) times in the year 2009-2010 on 29.04.2009, 30.07.2009, 04.09.2009, 27.10.2009 and on 30.01.2010.

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

* Alternate Directorships, Directorships in Private Bodies and Membership in governing councils, chambers and other bodies not considered.

3. . Audit Committee:

During the year, the Audit Committee was reconstituted and Committee consists of 1. Sri V.Umapathi – Chairman (Independent, Non-executive) 2. Sri P.V.Narasimham - Member (Independent, Non-executive) 3. Sri J.S.R.Durga Prasad – Member (Non-Independent, Non Executive). All the members have good financial knowledge. The terms of the reference of the Audit Committee specified by the Board are as contained in Clause 49 of the Listing Agreement.

Details of the meetings:

Four (4) Audit Committee meetings were held during the year 2009-10. They are 29th April, 2009; 30th

SARK Systems India Limited



July, 2009; 27th Oct, 2009 and on 30th January, 2010.

S.No	Name of Director	Meetings held	Meetings Attended
1	Sri V.Umapathi	4	3
2	Sri P.V.Narasimham	4	3
3	Sri J.S.R.Durga Prasad	4	4

The Statutory Auditors also attended the above meetings on invitation.

4. Remuneration Committee:

The Remuneration Committee, which is a non-mandatory requirement of Clause 49 was constituted.

The Committee comprises of two Independent Directors and one Promoter Director, namely:

S.No	Name of Director	Meetings held	Meetings Attended
1	Sri V.Umapathi	1	1
2	Sri P.V.Narasimham	1	1
3	Sri J.S.R.Durga Prasad	1	1

During the year the Committee held its meeting on 4th September, 2009.

a) Remuneration Policy

The Remuneration Committee recommends the remuneration package for the Managing Director and other senior executives. In framing the remuneration policy, the Committee takes into consideration the remuneration practices of companies of similar size and stature, the industry standards and the nature of responsibilities.

Subject to the approval of the Board and of the Company in General Meeting and such other approvals as may be necessary; the Managing Director is paid remuneration. The present remuneration packages of the Company to the Managing Director includes salary, perks etc.

b) Remuneration paid to Directors during 2009-10

i) Executive Director

S. No.	Name	Position	Salary Rs. (PA)	Commission	P.F & HRA	Total Rs. (PA)
1.	J.Murali Krishna	Managing Director	-	-	-	-

ii) Non- Executive Directors

The sitting fees is paid to the Directors is Rs.3000/- (Rupees Three thousand only) for attending each Board / Committee meeting, apart from reimbursement of conveyance / incidental expenses. The Company has not granted stock options to its Directors during the year.

Sl. No.	Name of the Director	Total Sitting Fees Paid (Rs.)
1	Sri J.S.R. Durga Prasad	15000
2	Sri V. Umapathi	9000
3	Sri Guhan Subramaniam	15000
4	Sri P.V. Narasimham	12000
5	Dr G.T. Murthy	3000

5. Investors' Grievance & Share Transfers Committee:

The Board of Directors constituted Investors' Grievance & Share Transfers Committee comprising of Sri J Murali Krishna, Sri V Umapathi and Dr G T Murthy, Chairman of the meeting. The Committee, interalia, oversees and reviews all matters connected with the investor services and ensures that the shareholders grievances are redressed in time.

Four(4) Committee meetings were held viz., 22th April, 2009; 25th July, 2009; 30th October, 2009 and on 2nd February, 2010 and attended by all the members. The Company received one query during the year 2009-10 and it was replied / resolved to the satisfaction of the investor.

There were no pending valid requisitions for transfer of shares as on 31st March, 2010.

6. General Body Meetings:

- a) The following are details of the location and time of the last three Annual General Meetings (AGM) of the Company:

AGM	Date of AGM	Time of meeting	Venue of the meeting	No. of Special Resolutions passed
9 th	29.09.2007	10.00 A.M.	ISE Conference Hall, 3 rd Floor Stock Exchange Building Himayatnagar, Hyderabad	NIL
10 th	24.09.2008	11.00 A.M.	J S Krishna Murthy Conference Hall, The FAPCCI, Red Hills, Hyderabad	1
11 th	30.09.2009	3.00 PM	Seminar Hall, Institute of Engineers (India) Khairatabad Hyderabad - 500004	2

- b) None of the resolutions had been proposed to be passed through postal ballot.
- c) No Extraordinary General Meeting was held during the year 2009-10.
- d) Information on Directors seeking re-appointment as required under Clause 49 VI (A) of Listing Agreement with Stock Exchanges is provided in the Notes to the Notice under the heading "Information on Directors seeking election / re-election at the ensuing Annual General Meeting."

7. Disclosures:

- a) Materially significant related party transactions of the company of material nature with its promoters, the directors or the management their subsidiaries or relatives if that may have potential conflict with the interests of the company at large. As per item no. 7 under part II notes on accounts forming part of accounts as AS-18.
- b) The Company has complied with all the mandatory requirements as specified in the Clause 49 to the extent these apply and extend to the Company.
- c) There were no strictures or penalties imposed by either SEBI or Stock Exchanges or any statutory authority for non-compliance of any matter relating to the Capital Market during the last three years.
- d) The Company has constituted a Remuneration Committee and also separately maintaining office of the Chairman at the Registered Office of the Company. Other non-mandatory requirements have not been adopted by the Company for the time being.
- e) At every Board Meeting, a statement of compliance with all laws, regulations as certified by the Managing Director is placed for noting by the Board. The Board reviews the compliance of all applicable laws and gives appropriate directions, wherever necessary.

8. Means of Communication:

The Quarterly, Half-yearly and Annual Results of the Company are sent to the Stock Exchanges, immediately after they are approved by the Board. These are also published in the prescribed proforma within 48 hours of the conclusion of the meeting of the Board, in the Newspapers Business Standard (English) and Andhra Prabha (Telugu). Annual Report containing, inter alia, Directors' Report, Auditors' Report, Audited Annual Accounts and other important information is circulated to Members and other entitled thereto.

9. Share Holders Information:

Annual General Meeting Date & Time : 31st day of December 2010 at 9 am
 Venue: Royal Function Hall
 Moti Nagar
 Hyderabad – 500 018

Financial Calendar (tentative and subject to change)

Un-Audited results for Quarter ending 30th September 2010 : End October 2010
 Un-Audited results for Quarter ending 31st December 2010 : End January 2011
 Un-Audited results for Quarter ending 31st March 2011 : End April 2011
 Un-Audited results for the Quarter ending 30th June 2011 : End July 2011
 Date of Book Closure : December, 2010 to 31st

	27th
	December, 2010 (both days inclusive)
Dividend Payment Date	: N.A.
Stock Exchanges where shares are listed	: Bombay Stock Exchange Limited
BSE Scrip Code	: 533056
Demat ISIN Number for NSDL and CDSL	: INE359B01010
CIN	: L72200AP1998PLC029240
Outstanding ADRs/GDRs/Warrants/ any Convertible Instruments	: NIL

10. Market Price Data:

Company's equity shares were listed on Bombay Stock Exchange Ltd from March 17th, 2009. High and Low (based on closing prices) and the number of shares traded in the financial year (2009-2010) on BSE are:

Month	Low Price	High Price	No. of Shares
9-Apr	7.1	10.8	2,49,645
9-May	8	14.35	2,61,418
9-Jun	10.75	17.22	3,60,031
9-Jul	10.93	16.07	1,93,885
9-Aug	12.65	16.85	1,30,555
9-Sep	12	14.35	1,02,933
9-Oct	9.45	12.7	49,894
9-Nov	8.11	12.05	33,874
9-Dec	8.6	11.44	1,27,922
10-Jan	9.01	11.93	1,46,915
10-Feb	9	14.8	3,69,674
10-Mar	11.2	21.01	42,29,400

6,256,146

11. Demat Registrar and Share Transfer Agents:

M/s. Venture Capital & Corporate Investments Ltd, having its office at 12-10-167, MIG- 167, Bharat Nagar Colony, Hyderabad – 500 018. Tel. No: 040- 23818475/76 Fax No: 040-23868024 E-mail: info@vccilindia.com, are the Company's Share Transfer Agents in both physical and dematerialized form.

12. Dematerialization & Liquidity:

Majority of the shares i.e. 74.66 % of your Company were dematerialized as on 31-3-2009. As the trading is being conducted in electronic form only, members are requested to go for dematerialization of shares.

a) Distribution of Shareholdings as on 31st March 2010:

Nominal Value	Holders		Amount	
	Number	% of Total	In Rs.	% of Total
Upto - 5000	2586	75.44	55,78,620	5.97
5001 - 10000	324	9.45	27,70,840	2.96
10001 – 20000	179	5.22	27,89,100	2.98
20001 – 30000	90	2.63	22,94,430	2.45
30001 – 40000	37	1.08	13,77,880	1.47
40001 – 50000	61	1.78	29,99,500	3.21
50001 – 100000	73	2.13	58,62,450	6.27
100001 and above	78	2.28	6,98,27,180	74.68
TOTAL	3428	100.00	9,35,00,000	100.00

b) Shareholding Pattern as on 31st March 2010:

S.No.	Category	No. of Shares	Percentage
1.	Promoters	2395400	25.62
2.	Persons Acting in concert	536950	5.74
3.	Mutual Funds	-	-
4.	Banks/ Financial Institutions	-	-
5.	Private Bodies Corporate	1592291	17.03
6.	Public	4820717	51.56
7.	NRIs / OCBs	4642	00.05
8.	Clearing Members	-	-
	TOTAL	9,35,00,000	100.00

13. Address for Shareholders' Correspondence:

M/s. Venture Capital & Corporate Investments Ltd; MIG-167, D.No.12-10-167, Bharatnagar Colony Hyderabad – 500 018 Ph: 040-23818475/76.

14. Code of Conduct for the Board and Senior Management Personnel:

The Company has laid down a Code of Conduct for all its Board Members and Senior Management Personnel of the Company. The Code of Conduct has been posted in the website of the Company. The said members will be affirming compliance with the Code on Annual Basis.

15. Company's Policy on prevention of insider trading:

Pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, the Company had framed a Code of Conduct for prevention of insider trading. Sri J. Murali Krishna, Managing Director is the Compliance Officer for this purpose. The code is applicable to all such employees of the Company who are expected to have access to the unpublished sensitive information relating to the Company and the same is being implemented as a self-regulatory mechanism.

16. Nomination Facility:

The Companies Act, 1956 provides facility for making nominations by shareholders in respect of their holding of shares. However large number of shareholders is yet to make nominations in respect of their holdings in physical form. Such nomination greatly facilitates transmission of shares from the deceased shareholder to his /her Nominee without having to go through the time consuming and cumbersome process of obtaining the Succession Certificate / Probate / Will. Therefore, it would be in the best interest of shareholders holding shares in Physical form as sole registered holders to make Nomination without any delay. The Nominee shall be the person in whom all the rights of transfer and / or amount payable in respect of the shares shall vest in the event of death of shareholder(s). A minor can also be a Nominee provided the name of the Guardian is given in the Nomination form.

The facility of Nomination is not available to Non-individual shareholder such as Bodies Corporate, Financial Institutions, Kartas of Hindu Undivided Family and Holders of Power of Attorney. Nominations will have to be made in the prescribed form (Form 2B) is annexed to this report.

Share holders are requested to submit their nomination forms to the company's share transfer agents M/s Venture Capital & Corporate Investments Limited; MIG -167, D No: 12-10-167, Bharatnagar Colony, Hyderabad – 500018. Nomination facility in respect of shares held in electronic form is also available with the Depository Participant (DP) as per the Byelaws and Business rules applicable to NSDL and CDSL.

ANNUAL CERTIFICATION

- a. We have reviewed the financial statements and the cash flow statement for the year and that to the best of our knowledge and belief.
 - i. these statements do not contain any materially untrue statement or omit any material fact 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 the existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal, violative of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the Auditors and the Audit Committee
 - i. Significant changes in internal controls over financial reporting during the year.
 - ii. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements ; and
 - iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For SARK Systems India Limited

Place: Hyderabad

Date: 03.12.2010

J.Murali Krishna

Managing Director

CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT

Declaration under Clause 49 (I) (D)

This is to certify that:

1. In pursuance of the provisions of Clause 49 (I)(D) of the Listing Agreement, a Code of Conduct has been laid down by the Company for all the Board members and the Senior Management Personnel of the Company.
2. The said Code of Conduct is also uploaded on the website of the Company.
3. All the Board Members and Senior Management Personnel have affirmed having complied with the said Code of Conduct during the year ended 31st March, 2010

For SARK Systems India Limited

Place : Hyderabad

Date : 03.12.2010

J. Murali Krishna

Managing Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
SARK Systems India Ltd

We have examined the compliance of conditions of corporate governance of M/s SARK Systems India Ltd for the year ended on 31st March 2010, as stipulated in clause 49 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.

For **MAHESH, VIRENDER & SRIRAM**
Chartered Accountants

Place: Hyderabad
Date: 03.12.2010

S Sriram Gopal
Partner
M no. 25484

AUDITORS' REPORT

To

The Shareholders of

M/s SARK SYSTEMS INDIA LIMITED

Hyderabad.

1. We have audited the attached Balance Sheet of **M/s SARK Systems India Limited**, Hyderabad as at 31st March, 2010, Profit and Loss Account and the Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with the Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our Audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004 (together 'the Order'), issued by the Central Government of India in terms of sub-section (4A) of section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraphs 3 above, we report that:
 - a. we have 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 appears from our examination of those books;
 - c. the Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report comply with the mandatory Accounting Standards referred to in section 211 (3C) of the Companies Act, 1956;
 - e. based on information and explanations given to us, we report that none of directors are disqualified as on 31st March, 2010 from being appointed as directors in terms of section 274(1)(g) of the Companies Act, 1956;
 - f. in our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the Significant Accounting Policies and notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India:
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - (ii) In the case of the Profit and Loss Account, of the **Profit** for the year ended on that date; and
 - (iii) In the case of the Cash Flow statement, of the Cash Flows for the year ended on that date.

for **MAHESH, VIRENDER & SRIRAM**

Chartered Accountants
Firm Regn No: 001939S

Sd/-

S.Sriram Gopal

Partner

M.No.25484

Place : Hyderabad

Date : 30.09.2010

ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date.

- i. a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
b) The fixed assets have been physically verified by the management during the year. No material discrepancies were noticed on such physical verification.
c) The Company has not disposed of substantial part of fixed assets during the year.
- ii. a) As explained to us, inventories have been physically verified by the management at regular intervals during the year.
b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
c) The company has maintained proper records of inventories. As explained to us there were not material discrepancies noticed on physical verification of inventory as compared to the book records.
- iii. The Company has not granted or taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets and also with regard to the sale of goods. During the course of our audit, we have not observed any major weaknesses in internal controls.
- v. a) According to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements that need to be entered into in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
b) According to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs in respect of any party have been made at prices which are reasonable having regard to prevailing market price at the relevant time.
- vi. According to the information and explanations given to us the Company has not accepted any deposits from the public with in the meaning of section 58A & 58AA of the Companies Act, 1956.
- vii. In our opinion, the internal audit functions carried out during the year have been commensurate with its size of the Company and the nature of its business.
- viii. According to the information and explanations given to us the Company is not required to maintain cost records under section 209(1)(d) of the Companies Act, 1956 in respect of the services carried out by the Company.
- ix. (a) According to the information & explanations given to us and the records of the Company examined by us, in our opinion the Company is generally regular in depositing the undisputed statutory dues including Provident Fund, Employee's State Insurance, Sales Tax, Customs Duty, Excise Duty, Cess, Investor Education and Protection Fund and other material statutory dues with the appropriate authorities. According to the information and explanations given to us, TDS of Rs. 9,93,094/- has not yet been deposited with the appropriate authorities.
(b) According to the information and explanations given to us, the undisputed amounts payable in respect of *Income Tax* is Rs. 15,98,040/- as on 31st March 2010.
- x. The Company does not have accumulated losses and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xi. According to the information and explanations given to us and the record of the Company examined by us, the Company is irregular in repayment of dues to banks and financial institutions to the extent of Rs 2,33,03,394/-.
- xii. In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion and according to the information and explanations given to us, the provisions of any special statute applicable to a chit fund or a nidhi/ mutual benefit fund/ societies are not applicable to the Company.
- xiv. In our opinion and according to the information and explanations given to us the Company is not dealing or trading in shares, securities, debentures and other investments.

SARK Systems India Limited



- xv. In our opinion and according to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from Banks or Financial Institutions.
- xvi. According to the information and explanations given to us, in our opinion term loans availed by the Company were, prima facie, applied for the purpose for which they were raised.
- xvii. According to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, funds raised on a short term basis have prima facie not been used during the year for long term investment, and vice versa.
- xviii. According to the information and explanations given to us, the company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix. The Company has not issued any Debentures & hence the creation of securities in respect of the same does not arise.
- xx. The Company has not raised any money by public issues during the year.
- xxi. In our opinion and according to the information and explanations given to us, considering the size and nature of the Company's operations, no fraud of material significance on or by the Company has been noticed or reported during the course of the audit.

for **MAHESH, VIRENDER & SRIRAM**
Chartered Accountants
Firm Regn No: 001939S

Place : Hyderabad
Date : 30.09.2010

Sd/-
S.Sriram Gopal
Partner
M.No.25484

BALANCE SHEET

Particulars	Schedule	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
I. SOURCES OF FUNDS			
1 SHAREHOLDERS' FUND			
(a) Share Capital	A	93,500,000	103,500,000
(b) Reserves & Surplus	B	117,337,561	116,672,792
2 LOAN FUNDS			
(a) Secured Loans	C	118,857,487	117,234,684
(b) Unsecured Loans	D	46,731,588	30,966,258
3 DEFERRED TAX LIABILITY	E	32,909,013	32,909,013
TOTAL		409,335,649	401,282,747
II. APPLICATION OF FUNDS			
1 FIXED ASSETS	F		
(a) Gross Block		488,236,850	458,745,213
(b) Less: Accumulated Depreciation		227,869,741	159,232,249
(c) Net Block		260,367,109	299,512,964
(d) Capital Work In progress		40,868,452	9,043,061
2 INVESTMENTS	G	100,000	100,000
3 CURRENT ASSETS, LOANS & ADVANCES	H		
(a) Inventory		6,521,007	2,766,234
(b) Sundry Debtors		94,069,788	86,172,444
(c) Cash & Bank Balances		336,398	2,135,400
(d) Loans & Advances		28,175,435	31,176,276
		129,102,628	122,250,354
4 CURRENT LIABILITIES & PROVISIONS	I		
(a) Current Liabilities		12,790,091	18,379,865
(b) Provisions		8,312,449	11,490,089
		21,102,540	29,869,954
5 NET CURRENT ASSETS		108,000,088	92,380,400
6 MISCELLANEOUS EXPENDITURE (To the extent not written off)	J	-	246,322
TOTAL		409,335,649	401,282,747

SARK Systems India Limited



Significant of Accounting policies & Notes on
Accounts

O

Schedules referred to above and the notes thereon form an integral part of Balance Sheet

Vide our report of even date

For MAHESH, VIRENDER & SRIRAM
Directors
Chartered Accountants
Sd/-
S.Sriram Gopal
Partner - M.No. 25484.
Director

For AND ON BEHALF OF THE Board of

Sd/-
JSR Durga Prasad
Chairman
J Murali Krishna
Managing

Place : Hyderabad

Date : 30.09.2010.

PROFIT & LOSS ACCOUNT

Particulars	Schedule	Year ending 31.03.2010 (Rs.)	Year ending 31.03.2009 (Rs.)
INCOME			
Sales & Services		165,423,241	133,451,306
Other Income		-	242,195
TOTAL		165,423,241	133,693,501
EXPENDITURE			
Project Expenses	K	79,221,509	61,709,964
Payment & Benefits to Employees	L	23,93,488	3,717,073
Administrative & Marketing Expenses	M	5,913,766	5,307,079
Financial Expenses	N	8,223,895	7,385,703
TOTAL		95,752,658	78,119,819
PROFIT BEFORE DEPRECIATION, TAXES & EXCEPTIONAL ITEMS		69,670,583	55,573,682
Depreciation	F	68,637,492	46,746,921
Preliminary & Public Issue Expenses; and Misc Exps Written off		246,322	307,217
PROFIT BEFORE TAXATION		786,769	8,519,544
Fringe Benefit Tax		-	108,000

SARK Systems India Limited



Income Tax	122,000	880,000
Deferred Tax	-	5,217,464
PROFIT AFTER TAXATION	664,769	2,314,080
Balance brought forward from previous year	42,712,629	41,334,509
AMOUNT AVAILABLE FOR APPROPRIATION	43,377,398	43,648,589
Preference dividend	-	800,000
Dividend tax	-	135,960
SURPLUS CARRIED TO BALANCE SHEET	43,377,398	42,712,629

Significant of Accounting policies & Notes on Accounts O

Schedules referred to above and the notes thereon form an integral part of Profit & Loss Account

Vide our report of even date

For MAHESH, VIRENDER & SRIRAM

For AND ON BEHALF OF THE Board of Directors

Chartered Accountants

Sd/-
S.Sriram Gopal
Partner - M.No. 25484.
SCHEDULES FORMING PART OF BALANCE SHEET

Sd/-
JSR Durga Prasad
Chairman
Sd/-
J Murali Krishna
Managing Director

	As at 31.03.2010(Rs.)	As at 31.03.2009(Rs.)
A SHARE CAPITAL		
<u>Authorised Capital :</u>		
1,00,00,000 Equity Shares of Rs. 10/- each	100,000,000	100,000,000
10,00,000 8% Preference Shares of Rs. 10/- each	10,000,000	10,000,000
	<u>110,000,000</u>	<u>110,000,000</u>
<u>Issued, Subscribed and Paid up Capital:</u>		
93,50,000 Equity Shares of Rs. 10/- each	93,500,000	93,500,000
10,00,000 8% Preference Shares of Rs. 10/- each	-	10,000,000
TOTAL	<u>93,500,000</u>	<u>103,500,000</u>
B RESERVES & SURPLUS		
Profit & Loss Account	43,377,398	42,712,629
Share Premium	63,000,000	63,000,000
Capital Reserve	10,667,080	10,667,080
Mat Credit Reserve	293,083	293,083
TOTAL	<u>117,337,561</u>	<u>116,672,792</u>
C SECURED LOANS		
Vehicle Loan - AXIS BANK (Hypothecation of Vehicle)	315,364	465,465

SARK Systems India Limited



Equipment Loan - ICICI Bank (Hypothecation of Equipments supplied)	386,772	476,335
UCO Bank, Surya Nagar Branch, Hyderabad (Cash Credit account)	2,531,279	2,451,129
IL & FS FINANCIAL SERVICES LTD (Secured by Hypothecation of total assets of the Company)	115,624,072	113,841,755
TOTAL	118,857,487	117,234,684
D UNSECURED LOANS		
Inter Corporate Deposit	1,928,399	1,928,399
VLE deposits	34,803,189	29,037,859
Others	10,000,000	-
TOTAL	46,731,588	30,966,258
E DEFERRED TAX LIABILITY		
Opening Balance	32,909,013	27,691,549
Add: Liability for the year	-	5,217,464
TOTAL	32,909,013	32,909,013

F. DEPRECIATION SCHEDULE

Fixed Assets

Item	Rate of depn.	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 1.4.2009	Additions	Deletions	As at 31.03.2010	As at 1.4.2009	Deletions	for the year	As at 31.03.2010	As at 31.03.2010	As at 31.03.2009
Computer Hardware	16.21%	317,382,343	12,338,876	-	329,721,219	129,490,095	-	56,651,923	186,142,018	143,579,201	200,231,124
Computer software	16.21%	41,500,419		-	41,500,419	19,380,563	-	6,727,218	26,107,781	15,392,638	22,119,856
Library	4.75%	56,005		-	56,005	26,132	-	2,660	28,792	27,213	29,873
Air Conditioners	4.75%	1,455,842		-	1,455,842	495,298	-	69,152	564,450	891,392	960,544
Electrical Fittings	4.75%	15,352,419		-	15,352,419	2,107,610	-	729,240	2,836,850	12,515,569	13,244,809
Office Equipment	4.75%	243,935		-	243,935	98,347	-	11,587	109,934	134,001	145,588
Furniture & Fittings	6.33%	61,583,841		-	61,583,841	5,161,269	-	3,898,257	9,059,526	52,524,315	56,422,572
Vehicles	9.75%	1,720,462		-	1,720,462	714,079	-	167,745	881,824	838,638	1,006,383

SARK Systems India Limited



Wireless Towers	3.34%	11,368,543		-	11,368,543	1,758,856	-	379,709	2,138,565	9,229,978	9,609,687
Project Dev. In progress		8,081,404	17,152,761	-	25,234,165	-	-	-	-	25,234,165	25,234,165
Total		458,745,213	29,491,637	-	488,236,850	159,232,249	-	68,637,492	227,869,741	260,367,109	329,004,601

G INVESTMENTS

Unquoted

Sarksys Haryana Pvt Ltd
(10000 Equity Shares Of Rs.10/-each)

100,000

100,000

TOTAL

100,000

100,000

H CURRENT ASSETS, LOANS & ADVANCES

(a) Inventory

6,521,007

2,766,234

(b) Sundry Debtors

(Unsecured - Considered Good)

(a) Debts outstanding for more than six months)

~ Due from Government

38,350,795

27,214,644

~ Due from Others

8,173,117

8,822,474

(b) Other Debts

~ Due from Government

10,224,000

2,669,939

~ Due from Others

4,732,880

11,054,400

(c) Deferred Debtors

~ Due from Government

32,588,996

36,410,987

~ Due from Others

(c) Cash & Bank Balances

Cash On Hand

232,335

678,396

Balance with Banks - in current accounts

104,063

1,457,004

(d) Loans & Advances

Deposits

13,841,271

13,691,271

SARK Systems India Limited



	Staff Advances	423,210	1,539,787
	Tax Deducted at Source	4,053,357	3,127,122
	Other Advances	9,857,597	12,818,096
	TOTAL	129,102,628	122,250,354
I	CURRENT LIABILITIES & PROVISIONS		
(a)	CURRENT LIABILITIES		
	Sundry Creditors		
	Due to Other undertakings	9,965,088	13,194,862
	Outstanding liabilities	2,825,003	5,185,003
		12,790,091	18,379,865
(b)	PROVISIONS		
	Provision for income tax	5,338,589	5,216,589
	Others	2,973,860	6,273,500
		8,312,449	11,490,089
J	MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		
	Preliminary Expenses	-	4,966
	Public Issue Expenses	-	241,356
	Deferred Revenue Expenditure	-	-
	TOTAL	-	246,322
SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT			
	Particulars	Year Ending	Year Ending
		31.03.2010 in Rs.	31.03.2009 in Rs.
K	PROJECT EXPENSES		
	Software Training	-	22,244
	Man Power and Data Entry Expenses	9,930,000	13,494,640
	Purchases and Consumables	3,388,386	33,866,312
	Electricity Charges	350,865	381,240
	Repairs & Maintenance - Gensets	664,616	19,482
	Business Communication, Internet	868,583	1,070,851
	Subscription	7,279	-
	Profession Development Expenses	1,551,099	277,000
	Rent - Projects	1,679,257	99,752
	Transportation etc	426,589	585,477
	Project Allowances & Expenses	60,354,835	11,892,966
	TOTAL	79,221,509	61,709,964

L PAYMENT & BENEFIT TO EMPLOYEES

Managing Director's Remuneration	-	1,200,000
Salaries & Allowance to Employees	2,265,700	2,252,548
Staff Welfare	127,788	264,525
TOTAL	2,393,488	3,717,073

M ADMINISTRATIVE & MARKETING EXPENSES

Audit Fee	110,300	112,360
Internal Audit fee	-	48,000
Advertisement	28,529	78,788
Bank Charges	200,422	255,132
Books & Periodicals	7,514	2,794
Consultancy	873,476	268,500
Conveyance	692,094	793,577
Directors sitting fee	54,000	24,000
Insurance	41,204	145,604
Legal Expenses	75,084	330,117
License fee, taxes	-	82,600
Miscellaneous expenses	860,679	128,741
Office maintenance	798,927	250,506
Postage, telegrams	24,988	19,901
Printing & stationery	38,578	351,068
Repairs & Maintenance - others	261,042	374,653
Rent, rates & taxes	54,808	121,422
Security charges	180,000	176,197
Vehicle Maintenance	96,545	97,645
Meeting expenses	38,445	44,146
Share Service Charges	37,250	56,146
Listing Fee	51,321	81,826
Sales tax	-	789,810
Telephone, & Fax	433,548	397,405

Traveling expenses	955,012	276,141
TOTAL	5,913,766	5,307,079
N FINANCIAL EXPENSES		
Interest On term loan	7,827,546	5,786,851
Interest on other loans	343,576	112,177
Interest on Vehicle loan	52,773	25,302
Deferred revenue expenses written off		1,461,373
TOTAL	8,223,895	7,385,703

SCHEDULE: O

NOTES FORMING PART OF ACCOUNTS : Significant Accounting Policies and Notes on Accounts

I Significant Accounting Policies:

1. Basis of Accounting	The financial statements have been prepared under the Historical Cost convention and in accordance with applicable accounting standards issued by the Institute of Chartered Accountants of India and relevant presentational requirements of the Companies Act, 1956. b) Accounting Policies not specifically referred to otherwise are in accordance with prudent accounting principles. c) All Income and Expenditure items having material bearing on the financial statements are recognised on accrual basis.
2. Fixed Assets	Fixed assets are stated at cost including related incidental expenditure
3. Capital work in progress	Advance paid towards acquisition of fixed assets and the cost of assets not put to use before the year end are disclosed under this head
4. Depreciation	Depreciation on fixed assets has been provided on Straight Line method and depreciation is provided on pro-rata basis as per Schedule VI of Companies Act, 1956.
5. Revenue Recognition	Revenue from technical services is recognised on a prorata basis over the period in which services are rendered. Income is recognised fully in case of supply and maintenance contracts where delivery is complete.
6. Inventory	Inventories are valued at cost or net realisable value whichever is lower.
7. Misc. Expenditure	Preliminary expenses and Public issue expenses are amortised over a period of 10 years.
8. Provision for taxation	Provision is made for income tax annually based on the tax liability computed after considering tax allowances

	and exemptions. Fixed Assets and Long Term Liabilities are accounted at the rates prevailing on the date of transactions. Current assets and current liabilities are accounted at rate prevailing on the date of Balance Sheet.
9. Foreign Exchange Policy	All the Income items other than those pertaining to the Foreign Branches are accounted on the basis of exchange rate prevailing on the dates of transactions.
	All the expenditure items during a month other than those pertaining to the Foreign Branch are reported at a rate that approximates the actual rate during that month.
	Sale proceeds are converted into Indian Rupees at the rates prevailing on the date of receipt.
	Net foreign exchange difference on foreign currency transactions is recognised in the profit & loss account during the year.
10. Retirement Benefits	Contributions to Provident and Superannuation Funds are recognised as expense when incurred. Liability for gratuity and encashable leave are actuarially determined at the Balance sheet date
11. Deferred Tax Liability/Asset	To provide and recognise deferred tax on timing differences between taxable income and accounting income subject to consideration of prudence.
12. Impairment of assets	The carrying amount of assets are reviewed at each Balance sheet date to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the estimated recoverable amount, impairment loss is recognised and assets are written down to their recoverable amount

SCHEDULE: O

NOTES FORMING PART OF ACCOUNTS : Significant Accounting Policies and Notes on Accounts II Notes On accounts

1 Contingent Liabilities:

- a Claims against the company not acknowledged as debts: Rs. 11,056,323
- b Other money for which the company is contingently liable:
Counter guarantees given in favour of company's bankers for guarantees issued by them Rs. 1.37Cr

2 Secured Loans:

- a The term loan from IL & FS Financial Services Ltd has been secured by hypothecation of all assets of the company. An amount of Rs 2.33 Cr has been overdue out of the total loan amount of Rs 11.53 Cr.
- b Working capital loan by way of Cash Credit from UCO Bank, Suryanagar Branch, Hyderabad has been secured by first charge on the current assets of the company.
- c Vehicle loan from Axis Bank, Patna has been secured by hypothecation of the vehicle purchased from the loan amount.
- d Equipment loan from ICICI Bank, Hyderabad has been secured by hypothecation of the equipments purchased from the loan amount.

- 3. Redeemable preference shares capital has been transferred to unsecured loans as the due date for redemption is over.

		Rs. In Lacs	
		2009-10	2008-09
4	Managerial Remuneration	Remuneration paid to Managing Director	
	Salaries	-	12.00
5	Auditors' remuneration		
	For Statutory Audit	0.60	0.60
	For Tax Audit	0.25	0.25
	Out of Pocket expenses	0.15	0.15
	Service Tax	0.10	0.12

- 6 **Foreign Exchange Earnings & Out go** Earnings 12.25 -
Outgo - -
7. Depreciation Includes write off of residual value of obsolete assets to the extent of Rs 38.32 lacs.
8. During the year no additional provision for deferred tax has been made as the existing provision is adequate.

9. Quantitative Details

The company is engaged in the business of development of computer software and delivering turn key solutions on Build, Operate and Own - BOO basis. The production and sale of such software is not capable of being expressed in any generic unit. Hence, it is not possible to give the quantitative details of such sale and information required under paragraphs 3, 4C and 4 D of Part II of Schedule VI of the Companies Act, 1956.

10 Related Party Disclosures as per AS 18

Transactions with related parties in the ordinary course of business

Name of the Related Party	J S R Durga Prasad	J Murali Krishna
Description of the relationship between the parties	Promoter Director, Chairman and brother of Sri J Murali Krishna, Managing Director	Key management personnel, Managing director and brother of Sri J S R Durga Prasad, Chairman
Description of the nature of transactions	--	Remuneration
Volume of the transactions either as an amount or as appropriate proportion	--	-

11. Earning per share

	for the Year Ended	
	31-Mar-10	31-Mar-09
11 Earning Per share (EPS)		
Net profit for the year	6,64,769	2,314,080
Less: Preference dividend (including dividend tax)		935,960
Amount available for equity share holdes		1,378,120
Weighted average no. of shares		9,350,000
Earning per share basic and diluted Rs.		0.15
Face value of equity share Rs.	10	10

12. Deferred Tax Liability

The composition of deferred tax liability as at 31.03.2010 of Rs. 329.09 lakhs (previous year Rs. 329.09 lakhs) is on account of timing differences relating to depreciation.

13. There are no small scale industrial undertakings to whom the company owes a sum exceeding Rs. 1.00 lakh which is outstanding for more than 30 days of the Balance sheet date.

14. Confirmation of balances from parties as at the end of the the year has not been received and adjustments, if any, shall be made as on ongoing process.

15. Previous year figures have been regrouped and rearranged wherever necessary.

16. All figures have been rounded off to the nearest rupee.

III Information pursuant to part IV of Schedule Vi of the Companies Act, 1956

Balance Sheet Abstract and Company's General Business Profile

1	Registration Details	Registration No: 01-29240	State Code : 01
		Balance Sheet Date: 31-Mar-10	
2	Capital Raised during the year (Amount in Rs. Thousands)	Public Issue: NIL	Right Issue: NIL
		Bonus Issue: NIL	Private Placement: -
3	Position of Mobilisation and deployment of funds (Amount in Rs. Thousands)	Total Liabilities: 409,336	Total Assets: 409,336
		Sources of Funds:	
		Paid-up capital: 93,500	Reserves & Surplus: 117,338
		Secured Loans: 118,857	Unsecured Loans: 46,731
		Application of Funds:	
		Net Fixed Assets: 301,235	Investments: 100
4	Performance of the company (Amount in Rs. Thousands)	Net Current Assets: 108,000	Misc. Expenditure:
		Accumulated Losses: NIL	
		Turn Over: 165,423	
		Profit/Loss Before tax: 787	
		Earning per share in Rs.	

**Generic Names of three
principal products/services of
company**

Product Description
Computer Software

Item Code
001

Signatures for Schedule A - N

Vide our report of even date

for Mahesh, Virender & Sriram
Chartered Accountants

for and on behalf of the Board of Directors

S Sriram Gopal
Partner (M.No.25484)

JSR Durga Prasad
Chairman

J Murali Krishna
Managing Director

Place : Hyderabad
Date : 30.09.2010

CASH FLOW STATEMENT

	for the Year ended for the Year ended	
	March 31, 2010	March 31, 2009
	Rs.	Rs.
a. Cash Flow from Operating Activity		
Net Profit before interest and Tax	9010664	15,905,247
Adjustments for :		
Fringe Benefit tax		(108,000)
Income Tax	(122,000)	(880,000)
Deferred Tax		(5,217,464)
Depreciation	68637492	46,746,921
Preliminary & Public Issue Expenses written off	246322	307,217
Increase / Decrease in Inventory	(3,754,773)	(118,629)
Increase / Decrease in Receivables	(78,97,344)	27,505,640
Increase / Decrease in Loans & Advances	3000842	(8,233,705)
Increase / Decrease in Current Liabilities & Provisions	(8,767,414)	(16,988,029)
Increase / Decrease in Deferred Revenue Expenses		-
Increase / Decrease in Deferred Tax		5,217,464
Loss on sale of fixed assets		-
Net Cash Flow from Operating Activities	60353789	64,136,662
b. Cash Flow from Financiag Activity		
Purchase of Fixed Assets	(61,317,028)	(147,714,828)
Sale of fixed asset		-
Net Cash used for Investing activities	(61,317,028)	(147,714,828)
c. Cash Flow from Financing Activity		
Proceeds from allotment of Equity and Preference Shares		-
Share premium		-

SARK Systems India Limited



Proceeds from borrowings - Term loans	1,622,803	59,734,331
Proceeds from borrowings - Unsecured loans	5,765,330	24,479,162
Interest Paid	(8,223,895)	(5,924,330)
Dividends paid		(935,960)
Investments		3,500,000)
Net Cash Flow from Financing Activities	(835,762)	80,853,203
Net increase in cash and cash equivalents during the year	(1,799,001)	(2,724,963)
Cash and cash equivalents at the beginning of the year	2,135,400	4,860,363
Cash and cash equivalents at the end of the year	336,398	2,135,400

Vide our report of even date

for MAHESH, VIRENDER & SRIRAM
Chartered Accountants

for and on behalf of the Board of Directors

S Sriram Gopal
Partner (M. No. 25484)

JSR Durga Prasad
Chairman

J Murali Krishna
Managing Director

Place : Hyderabad
Date 30.09.2010

PROXY FORM

I/We _____ of _____
being a
Member/s of SARK Systems India Limited, here by appoint _____ of _____
or, failing him/her

of _____ as my/our proxy to vote for me/us on
my/our behalf at the 12th Annual General Meeting of the Company to be held on the 31st day of Decemberr 2010, at 9.00
A.M at Royal Function Hall, Motinagar Hyderabad – 500 018 and at any adjournment thereof.

Signed this _____ Day of _____ 2010. Signature _____

Revenue
Stamp of
Rs.1/-

Note : THIS FORM SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS
THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING.

SARK SYSTEMS INDIA LIMITED

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

SARK Systems India Limited



Folio/D.P. Id. :

Name of the Shareholders :

No. of Shares :

I hereby record my presence at the 12th Annual General Meeting of the Company held on 31st December, 2010 at 9.00 A.M. at Royal Function Hall, Motinagar, Hyderabad – 500 018

Full Name of the Share Holder /Proxy

Signature of the Share Holders / Proxy

Note : No additional / duplicate Attendance Slip will be issued at the Meeting Hall.

No. of Shares :

Account No. :

FORM 2B

NOMINATION FORM

(To be filled individual(s) applying singly or jointly)

I/We _____ and _____ the Members of SARK Systems India Limited, holding shares bearing Distinctive Numbers _____ wish to make a nomination and do hereby nominate the following person in whom all rights of transfer and/or amount payable in respect of shares shall vest in the event of my or our death.

Name and Address of Nominee

Name: : _____

Address: _____

Date of Birth _____

(If nominee is a minor)

Guardian of the Minor is (to be furnished only if nominee is a minor)

Name: _____

Address: _____

SHAREHOLDERS' INFORMATION

1. Signature: _____

Name: _____

Address _____
 Date _____

2. Signature: _____
 Name _____
 Address _____
 Date _____

3. Signature: _____
 Name: _____
 Address _____
 Date _____

Name, Address and Signature of two Witnesses

Name and Address	Signature with Date
1. _____	_____
2. _____	_____

Instructions:

1. The Nomination can be made by individuals holding shares on their behalf singly or jointly. Non-individuals including Society, Trust, Body Corporate, Partnership Firm, Karta of Hindu Undivided Family, Holder of Power of Attorney cannot nominee. If the Shares are held jointly, all Joint holders shall sign the nomination form.
2. A Minor can be nominated by a Holder of shares and in that event, the name and address of the Guardian should be provided.
3. The Nominee shall not be a Trust, Society, Body Corporate, Partnership firm, Karta of Hindu Undivided Family or a Power of Attorney Holder. A Non-Resident Indian can be a nominee on repatriable basis.
4. Nomination stands rescinded upon transfer of shares.
5. Transfer of shares in favour of Nominee shall be valid discharge by the Company against the Legal heir.

The Nomination form shall be filed in duplicate with the Company's Share Transfer Agents M/s Venture Capital and Corporate Investments Pvt. Limited, 12-10-167, Bharat Nagar, HYDERABAD – 500 018, which will return one copy thereof to the Shareholder.

FOR OFFICE USE ONLY

Nomination Registration Number:

Date of Registration:

Checked by (Name and Signature):