

20th Annual Report 2016-17





ACCOUNTANT'S COMPILATION REPORT

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BOARD OF DIRECTORS

Mr.G.Suresh, B.E., M.B.A. Director & President
Mr.C.Ganapathy, B.Sc., Agri. Director

REGISTERED OFFICE

CG-VAK Software USA Inc.,
1661, Tice Valley Blvd,
Suite#101, Walnut Creek,
California – 94595

CERTIFIED PUBLIC ACCOUNTANT

Mr.L. Nagananda
200, Middlesex-Essex Turnpike, Suite 302
Iselin, NJ 08830-4700
Tel. : 732-283-4700
Fax : 732-283-4919



CG-VAK SOFTWARE USA INC.

**1661, Tice Valley Blvd Ste 101,
Walnut Creek, CA 94595**

DIRECTORS' REPORT

To

The Members of

CG-VAK SOFTWARE USA INC.,

Your Directors take great pleasure in presenting their 20th Annual Report and Financial Statements of the Corporation for the period ended March 31, 2017.

Review of Business

During the year under review, your Company has achieved a turnover of \$3.22 million as against \$ 4.00 million in the previous year. The Company has achieved a net profit of \$0.059 million as against \$ 0.081 million in the previous year.

Future Outlook

The consulting service business is expected to be challenging and pricing pressure is expected to continue. Our strategy of providing consulting services on latest technology areas have started yielding good results .We are making best efforts in improving the performance in the current year.

Financial Statements

The financial statements for the period ending March 31, 2017 detailing the revenue and expenditure, asset and liabilities and the operational cash flow have been appended with Certified Public Accountant's Compilations Report.

The financial statements have also been converted to Indian Rupees (INR) on the basis of appropriate exchange rate and appended.

(By Order of the Board)

for **CG-VAK SOFTWARE USA Inc.,**

May 11, 2017

G.Suresh
President



L. NAGANANDA
CERTIFIED PUBLIC ACCOUNTANT
200 Middlesex-Essex Turnpike, Suite 302
Iselin, NJ 08830-2033
Tel.: 732-283-4700
Fax: 732-283-4919

Member: AICPA

Accountant's Compilation Report

To The Shareholders of
CG-VAK SOFTWARE USA INC
1661 Tice Valley Blvd Ste 101
Walnut Creek, CA 94595

Gentlemen

Management is responsible for the accompanying financial statements of CG-VAK SOFTWARE USA INC., which comprise the balance sheets as of March 31, 2017 and the related statements of income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed compilation engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICIPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

May 11, 2017

BALANCE SHEET AS AT 31ST MARCH 2017

	31.03.2017	
	USD	INR
<u>ASSETS</u>		
<u>Current assets</u>		
Cash in Book	7,93,806	5,12,00,487
Accounts Receivable	8,38,100	5,40,57,450
Prepaid Expenses & Deferred costs	2,15,074	1,38,72,273
Total Current Assets	18,46,980	11,91,30,210
Total Net Fixed Assets	737	47,537
<u>Other Assets</u>		
Deposits	8,461	5,45,735
Total Assets	18,56,178	11,97,23,481
<u>Liabilities</u>		
<u>Current Liabilities</u>		
Accounts Payable & Accrued Expenses	2,32,556	1,49,99,862
Total Current Liabilities	2,32,556	1,49,99,862
Total Liabilities	2,32,556	1,49,99,862
<u>Commitment & Contingency (note 2)</u>		
<u>Stock Holders' Equity</u>		
Capital Stock	7,50,000	3,31,00,161
Retained Earnings (Including Translation Reserve)	8,73,622	7,16,23,458
Stockholders' Equity	16,23,622	10,47,23,619
Total Liabilities & Stock Holders' Equity	18,56,178	11,97,23,481

SEE ACCOUNTANT'S COMPILATION REPORT & NOTES TO FINANCIAL STATEMENTS

**STATEMENT OF INCOME & RETAINED EARNINGS
FOR THE YEAR ENDED 31ST MARCH 2017**

	31.03.2017	
	USD	INR
Consulting fees	32,18,076	21,06,23,074
Operating Expenses (Schedule 1)	31,37,443	20,53,45,644
Gross Income	80,633	52,77,430
Provision for Income Taxes (Note 3)	22,061	14,43,892
Net Income	58,572	38,33,537

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST MARCH 2017**

	31.03.2017	
	USD	INR
INCREASE AND DECREASE IN CASH AND CASH EQUIVALENTS		
NET INCOME	58,572	38,33,537
<u>ADJUSTMENTS TO RECONCILE</u>		
<u>NET INCOME TO NET CASH</u>		
<u>PROVIDED BY OPERATING ACTIVITIES</u>		
DEPRECIATION AND AMORTISATION	491	32,136
DECREASE<INCREASE> IN		
Accounts Receivable	3,14,214	2,02,66,773
DECREASE<INCREASE> IN		
Prepaid Expenses & Deposits	15,045	9,70,412
Increase<Decrease> in		
Accounts payable & Accd Expenses	(3,16,546)	(2,04,17,238)
Net cash provided by Operating Activites	71,775	46,85,619
Cash flows from Investing Activites		
Purchase of Fixed Assets	(491)	(32,136)
Cash flows from Financing Activites		
Loan Borrowed <repaid>	0	0
Net cash Provided by Financing Activites	0	0
Net Increase (Decrease) in cash & cash Equilants	72,266	47,17,755
Cash and Cash Equilants at beginning of the year	7,21,914	4,64,82,732
Cash and cash Equilants at end of the year	7,93,806	5,12,00,487

SEE ACCOUNTANT'S COMPILATION REPORT & NOTES TO FINANCIAL STATEMENTS

SCHEDULE-1

	31.03.2017	
	USD	INR
<u>OPERATING EXPENSES</u>		
Salary	17,93,661	11,73,95,112
Payroll Taxes & Payroll Processing	1,43,863	94,15,833
Visa processing Professional Fee	22,415	14,67,062
Employee Benefits	1,52,477	99,79,620
Consulting Fees	8,64,753	5,65,98,084
Marketing Expenses	5,633	3,68,680
Rent & Utility	39,509	25,85,864
Legal & Professional	7,500	4,90,875
Telephone & Telex	32,341	21,16,718
Office Supplies & Expenses	11,142	7,29,244
Internet & Website	2,082	1,36,267
Insurance	24,229	15,85,788
Travel	22,394	14,65,687
Bank Charges	1,087	71,144
Postage	1,207	78,998
Interest	545	35,670
Computer Services and Automobile Expenses	7,760	5,07,892
Depreciation	491	32,136
Cleaning	4,354	2,84,969
TOTAL	31,37,443	20,53,45,644



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

NOTE 1
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization :

The Corporation is incorporated under the laws of the State of New Jersey.

Revenue Recognition:

Revenue and associated expenses are recorded on accrual basis.

Accounts Receivable:

Accounts receivable have been adjusted for all known uncollectible accounts.

Fixed Assets :

Fixed Assets are stated at cost. Expenditures which substantially increase estimated useful lives are capitalized. Maintenance, repairs and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation or amortization are removed from the accounts and resulting gains or losses are included in operations. Depreciation for financial statement and income tax purposes is computed by the straight-line and accelerated methods respectively over the estimated useful lives of the respective assets.

Cash Flows:

For purposes of the statement of cash flows, the corporation considers all highly liquid debt instruments purchases with a maturity of three months or less to be cash equivalents.

NOTE 2
COMMITMENTS AND CONTINGENCIES

Lease Obligations:

The Corporation rents its office facilities under a non-cancellable operating lease which expires on March 31, 2018. The lease provides in part for the payment of contingent rentals based upon escalation of real estate taxes and certain operating expenses. Future minimum rental payments under the lease are as follows:

2017-2018 \$ 18,390

NOTE 3
INCOME TAXES

Income tax provision represents Federal and State Corporate Income and franchise taxes.



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