

20th Annual Report 2014-15



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BOARD OF DIRECTORS

Mr.C.Ganapathy, B.Sc., Agri.	Executive Chairman
Mr.M.Durairaj, M.Sc., B.Ed.	Independent Director
Mr.S.Mohan, B.E.	Independent Director
Mr.S.Muthukumar B.Sc., B.E., M.B.A.	Independent Director
Mr.A.Sankar B.A.	Independent Director
Mrs.S.Latha B.Sc.	Non Executive Women Director
Mr.G.Suresh, B.E., M.B.A.	Managing Director & CEO

CHIEF FINANCIAL OFFICER

Mr.P.S.Subramanian

COMPANY SECRETARY

Mr.Shainshad Aduvanni

AUDITORS

M/s. S. Lakshminarayanan Associates
Chartered Accountants
'Lakshya'
1056/1, Avinashi Road,
Coimbatore 641 018

REGISTERED OFFICE & UNIT-I

171, Mettupalayam Road,
Coimbatore-641 043.
India
CIN : L30009TZ1994PLC005568

UNIT-II

Coimbatore
S.F.No. 174/2, Thiruvalluvar Street
Vellakinar Pirivu Road, G.N.Mills Post
Coimbatore – 641029, India

New Jersey

116, Village Boulevard,
Suite No.200, Princeton,
New Jersey - 08540, USA

REGISTRARS & SHARE TRANSFER AGENTS

S.K.D.C. Consultants Limited
Kanapathy Towers,
3rd Floor, 1391/A-1 Sathy Road,
Ganapathy,
Coimbatore - 641 006.

SUBSIDIARY (USA)

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

CG-VAK Software USA Inc.,
100, Overlook Centre
2nd Floor, Princeton
New Jersey - 08540

BANKERS

State Bank of India
Union Bank of India
ICICI Bank Limited
HDFC Bank Limited
Bank of America

CG-VAK SOFTWARE AND EXPORTS LIMITED**CIN : L30009TZ1994PLC005568****Registered Office: 171, Mettupalayam Road, Coimbatore – 641 043****Web:www.cgvak.com, Email:investorservices@cgvak.com****NOTICE TO SHAREHOLDERS**

NOTICE is hereby given that the 20th Annual General Meeting of CG-VAK Software And Exports Limited will be held on Monday the 28th day of September, 2015 at 4.30 PM at Ardra Hall, Kaanchan, 9, North Huzur Road, Coimbatore -641 018, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Standalone and Consolidated Audited Financial Statements of the Company for the year ended 31st March, 2015 including audited Balance Sheet as at 31st March, 2015 and the Statement of Profit and Loss for the year ended on that date together with the reports of the Board of Directors (“the Board”) and Auditors thereon.
2. To declare dividend, if any.
3. To appoint a Director in the place of Mr.G.Suresh (DIN 00600906), who retires by rotation and is eligible for reappointment.
4. To appoint the Auditors to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

NOTES

1. ANY MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING THE PROXIES SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE MEETING.
2. Members/proxies/representatives should bring the Attendance Slip, duly filed in for attending the meeting.
3. Details pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges in respect of Directors seeking appointment/reappointment at the Annual General Meeting are separately annexed hereto for item no.3
4. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, the 22nd September, 2015 to Monday, the 28th September, 2015 (both days inclusive).
5. The dividend if declared at the Annual General Meeting will be paid within 30 days from the date of the Annual General Meeting.
6. Members who are holding shares in physical form are requested to intimate/update immediately their change of address / change of bank account/ email ID, if any, to M/s. S.K.D.C. Consultants Limited, Kanapathy Towers, 3rd Floor, 1391/A-1 Sathy Road, Ganapathy, Coimbatore 641 006, our Registrar & Share Transfer Agents. Please quote your Folio Number and our Company's name in all your correspondence.
7. Members who are holding shares in Electronic Form are requested to intimate/update immediately their change of address / change of bank account/ email ID, if any, to their respective Depository Participant.
8. The practice of distributing copies of Annual Reports at the Annual General Meeting has been discontinued in view of the high cost of paper and printing. Shareholders are therefore, requested to bring their copy of the Annual Report to the meeting.
9. In terms of Sections 124(6) of the Companies Act, 2013, as amended the amount of dividend remaining unpaid or unclaimed for a period of seven (7) years from the date of transfer to the unpaid dividend account is required to be transferred to the Investor Education and Protection Fund (IEPF). The Unclaimed dividend for the year 2012-13 and 2013-14 is held in separate Bank account and the shareholders who have not received the dividend/encashed the warrants are advised to write to the Company with complete details.

10. The Notice of the Meeting is also displayed/posted on the websites of the Company www.cgvak.com and that of Central Depository Services (India) Limited (“CDSL”) www.evotingindia.com.
11. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreement, the Company is pleased to offer the facility of voting through electronic means, as an alternate, to all its Members to enable them to cast their votes electronically instead of casting their vote at a Meeting. Please note that the voting through electronic means is optional for the Members.
12. The Company has appointed Mrs. Manimekala V Raj, Practicing Company Secretary (Membership No.F5163), to act as the Scrutinizer for conducting the electronic voting process in a fair and transparent manner.
13. The procedure and instructions for voting through electronic means are, as follows:
The instructions for shareholders voting electronically are as under:
 - (i) The voting period begins on 24th September, 2015 at 9:00 a.m. and ends on 27th September, 2015 at 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. 21st September, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
 - (ii) The shareholders should log on to the e-voting website www.evotingindia.com during the voting period
 - (iii) Click on “Shareholders” tab.
 - (iv) Now, select the “CG-VAK Software and Exports Limited” from the drop down menu and click on “SUBMIT”
 - (v) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
 - (vi) Next enter the Image Verification as displayed and Click on Login.
 - (vii) 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.
 - (viii) If you are a first time user follow the steps given below:

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

- (ix) After entering these details appropriately, click on “SUBMIT” tab.
 - (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - (xii) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
 - (xiii) Click on the EVSN for the relevant <CG VAK SOFTWARE AND EXPORTS LIMITED> on which you choose to vote.
 - (xiv) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
 - (xv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
 - (xvi) 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.
 - (xvii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
 - (xviii) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
 - (xix) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
 - (xx) Note for Institutional Shareholders
 - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporate.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details, a compliance user should be created using the admin login and password. The compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
 - (xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.
14. Members who do not have access to e-voting facility, may send the duly completed Ballot Form (enclosed with the Annual Report) to reach the Scrutinizer appointed by the board of Directors of the Company, Mrs. Manimekala V Raj, Practicing Company Secretary (Membership No. F5163) at the Registered Office of the Company not later than 27th September, 2015 by 5.00 p.m.
15. Members may request for physical copy of the Ballot Form by sending an e-mail to investorservices@cgvak.com by mentioning their Folio / DPID No. However, the duly completed Ballot Form should reach the Registered Office of the Company not later than 27th September, 2015 by 5.00 p.m. Ballot forms received after this date will be treated as invalid.
- A member can opt for only one mode of voting i.e. either through e-voting or by Ballot. If a member casts votes by both modes, then voting done through e-voting shall prevail and Ballot shall be treated as invalid. Please note the unsigned Ballot Form will be rejected. Scrutinizer's decision on the validity of the Ballot Form shall be final.

16. Once the vote on the resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
17. The Scrutinizer shall immediately after the conclusion of the voting at General meeting, first count the votes cast at the meeting, and thereafter unblock the votes in the presence of atleast two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any within Three days of conclusion of the Meeting, to the Chairman of the meeting. The Chairman shall declare the results of the voting forthwith. The results declared along with the Scrutinizer's Report shall be placed on the Company's website and on the website of CDSL, immediately, after the Chairman declares the result.

(By Order of the Board)
for CG-VAK SOFTWARE & EXPORTS LIMITED

Place: Coimbatore
 Date : 29th May, 2015

Shainshad Aduvanni
Company Secretary
 ACS No. 27895

PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES, FOLLOWING INFORMATION IS FURNISHED ABOUT THE DIRECTORS PROPOSED TO BE REAPPOINTED, VIDE ITEM NO.3

i	Name of the Director	Mr.G.Suresh
	DIN	00600906
	Age	50 years
	Date of appointment on Board	01/09/1995
	Date of last reappointment	23/08/2013
	Expertise in specific functional areas	He has 26 years of valuable Experience in various fields like IT, General Management, Production, Marketing and Finance.
	Qualification	B.E., MBA.
	No. of Equity Shares held in Company	952060 Equity Shares (as on 31.03.2015)
	List of outside Directorships in Public/Private Companies	1. Sindhu And Gowtham Securities And Investments Private Limited
	Chairman/Member of the Committees of Board of Directors of the Company	NIL
	Chairman/Member of the Committees of Board of Directors of other Companies in which he is a Director	NIL
	Relationship with other Directors	Son of Executive Chairman Mr.C.Ganapathy & Spouse of Women Director Mrs.S.Latha

(By Order of the Board)
for CG-VAK SOFTWARE & EXPORTS LIMITED

Place: Coimbatore
 Date : 29th May, 2015

Shainshad Aduvanni
Company Secretary
 ACS No. 27895

DIRECTORS' REPORT

To the Members,

The Board of Directors of your Company take pleasure in presenting the 20th Annual Report on the business and operations of your Company and the Audited Financial Statements for the year ended 31st March 2015.

FINANCIAL RESULTS 2014-15

During the year under review, your Company has achieved a turnover of *Rs. 1053.77 lakhs* as against *Rs. 895.12 lakhs* in the previous year. There is a net Profit of *Rs. 93.90 lakhs* as against the net profit of *Rs. 65.06 lakhs* in the previous year.

GLOBAL REVENUE

The global revenues for the Company including the business done by the Wholly Owned Subsidiary for the year under review was *Rs. 3906 lakhs* as compared to *Rs. 3153 lakhs* in the previous year.

STATE OF AFFAIRS OF THE COMPANY

The contributions of business from various Geographical areas were:

North America contributed to 86% and Rest of the World 14% of business. Business from Offshore Software Services during the year 2014-2015 was *Rs. 1053.77 lakhs* as against *Rs. 895.12 lakhs* in the previous year. The increase has been at 17.72% compared with previous year.

FUTURE OUTLOOK

The global market for IT services is expected to expand and corporations are increasingly using offshore service providers to meet their IT service needs. This increases the addressable market for offshore software service providers like us. The company has been growing positively in the offshore software services business and this momentum is likely to continue this year.

Our client retention and client satisfaction levels have been growing steadily. We have received many client appreciations and significant amount of repeat business. In addition to North America, our business and customer base from Australia, Africa and Europe is also expanding as planned.

Our Social, Mobility and Cloud practice has been growing significantly and we expect a good growth in this offering. The company will continue its focus on the in OPD (Out-sourced Product development) market space where it has achieved significant success. Geographically the company is planning to strengthen its presence in the markets it is operating.

We expect a positive growth this year and the Company should perform better in the ensuing year 2015-16.

QUALITY

Your company has a strict quality assurance and control programs to ensure that high level of Quality service is delivered to the customers. Matured and proven quality management systems are in place based on the requirements of ISO 9001:2008 standards.

DIVIDEND

Your Directors recommended a dividend of Rs. 0.50 per equity share (i.e. 5% on each equity share having Face value of Rs. 10 each), subject to the approval by the shareholders at the ensuing Annual General Meeting. The total dividend payout will be of *Rs. 30.42 lakhs inclusive of tax amount of Rs. 5.14 lakhs*. During the previous year ended 2013-2014, your Company has paid a dividend of *Rs. 25.27 lakhs*.

The dividend, if approved by the shareholders, will be paid to those members whose names appear in the Register of Members as on the date of the Annual General Meeting

TRANSFER TO RESERVES

Your company propose to Transfer Rs.2,81,693/- to the General Reserve.

MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which these financial statements relate and on the date of this report.

DEPOSITORY SYSTEM

The trading in the Equity Shares of your Company is under compulsory dematerialization mode. As on 31st March, 2015, Equity Shares representing 89.70% of the equity share capital are in dematerialized form. As the depository system offers numerous advantages, members are requested to take advantage of the same and avail of the facility of dematerialization of the Company's shares.

LISTING OF SHARES

The Equity Shares of your Company continue to remain listed with BSE Limited. The listing fees for the year 2015-16 have been paid to the Stock Exchange. The Shares of the companies are compulsorily tradable in dematerialized form.

INSURANCE

The assets of the Company are adequately insured against fire and such other risks, as are considered necessary by the Management.

CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Company are prepared in accordance with the applicable Accounting Standards forms a part of this Annual Report.

CORPORATE GOVERNANCE

Your Company is committed to maintain the highest standards of Corporate Governance. Company continues to be compliant with the requirements enshrined in clause 49 of the Listing Agreement which relates to Corporate Governance.

Pursuant to SEBI Circular No.CIR/CFD/POLICY CELL/7/2014 dated 15th September 2014, compliance with the provisions of Clause 49 is not mandatory for your Company since your Company's paid up capital is not exceeding Rs.10 crore and Net worth is not exceeding Rs.25 crore as on 31st March, 2014.

A Report on Corporate Governance as stipulated under clause 49 of the Listing Agreement forms part of the Annual Report. A certificate from the Statutory Auditors of the Company, confirming compliance with the conditions of Corporate Governance, as stipulated under clause 49 forms part of this Report.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report for the year under review, as stipulated under clause 49 of the Listing Agreement is presented in a separate section forming part of the Annual Report.

NUMBER OF MEETINGS OF THE BOARD

The board met Five times during the financial year, the details of which are given in the Corporate Governance Report that forms part of this Annual Report. The intervening gap between any two meetings was within the periods prescribed by the Companies Act, 2013.

AUDIT COMMITTEE

The Audit committee comprises of Independent Directors namely Mr.S.Muthukumar (Chairman), Mr.S.Mohan and Mr.A.Sankar as other Members. All the recommendations made by the Audit Committee were accepted by the Board.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

As per the requirement of Section 134 (3)(m) of the Companies Act, 2013, read with Rule 8 (3) of the Companies (Accounts) Rules, 2014, the information regarding conservation of energy, technology absorption and foreign exchange earnings and outgo are given below.

Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo as required under Companies (Accounts) Rules, 2014:

A) CONSERVATION OF ENERGY

Your Company uses electrical energy for its equipment such as air-conditioners, computer terminals, lighting and utilities at work places. As an ongoing process, the company continued to undertake various measures to conserve energy

B) TECHNOLOGY ABSORPTION

a) Research & Development

The nature of the business of software development involves inbuilt, constant Research and Development as a part of its process of manufacturing (development). The Company is developing applications engines, re-usable codes and libraries as a part of its R&D activities.

b) Technology Absorption

The Company has not absorbed technology from outside.

c) Information regarding imported technology (Imported during last three years)

Details of Technology imported	Technology imported from	Year of Import	Status Implementation/absorption
NIL	NA	NA	NA

C) FOREIGN EXCHANGE EARNING AND OUTGO (Rs.)

Foreign Exchange Earnings:	10,54,96,361
Foreign Exchange Outgo:	5,48,856
Foreign Travel :	2,30,060
Others:	3,18,796

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

In terms of the provisions of Section 197(12) of Act read with rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014 a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are provided in the Annual Report.

Disclosures pertaining to remuneration and other details as required under section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in the Annexure -I.

STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY

The Company has adopted a Risk Management Policy for identifying and managing risk at the strategic, operational and tactical level. The Risk Management policy has been placed on the website of the Company. At present the Company has not identified any element of risk which may threaten the existence of the Company.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013

There were no loans and guarantees given or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review.

EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS

There were no qualifications, reservations or adverse remarks made either by the Auditors or by the Practicing Company Secretary in their respective reports. Your Directors have provided explanation in *Annexure 2* for the matter of emphasis in the Auditor's Report.

CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES.

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. All Related Party Transactions are placed before the Audit Committee as also in the Board for approval.

The disclosure on related party is annexed herewith as *Annexure 3*.

POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION

The current Policy is to have an appropriate mix of executive and independent directors to maintain the Independence of the Board and separate its functions of the governance and management. As on 31st March, 2015, the Board consists of 7 members, Two of whom are Executive or Whole Time Directors, One of whom is Non Executive Women Director and Four are Independent Directors. The Board periodically evaluates the need for change in its composition and size.

The policy of the Company on Directors' appointment and remuneration, including Criteria for determining Qualification, positive attributes, independence of a director and other matters provided under sub-section(3) of Section 178 of the Companies Act, 2013 adopted by the Board, is appended as *Annexure 4* to the Board's Report. We affirm that the remuneration paid to the Directors is as per the terms laid out in the nomination and remuneration policy of the company.

WHOLLY OWNED SUBSIDIARY: CG-VAK SOFTWARE USA INC.

As on 31st March, 2015, your Company has only one wholly owned subsidiary. Your Company's Wholly Owned Subsidiary CG-VAK Software USA Inc. at USA, has made a Sales Turnover of US\$ 4.65 Million during this year, compared to the US\$ 3.93 Million during the previous year.

During the year, the Board of Directors reviewed the affairs of the wholly owned subsidiary. In accordance with Section 129(3) of the Companies Act, 2013, we have prepared consolidated financial statements of the Company and the wholly owned subsidiary, which forms part of the Annual Report. Further, a statement containing the silent features of the financial statement of our wholly owned subsidiary in the prescribed format AOC-1 is appended as *Annexure - 5* to the Board's Report. The statement also provides the details of performance, financial positions of the wholly owned subsidiary.

In accordance with Section 136 of the Companies Act, 2013, the audited financial statement, including the Consolidated Financial Statements and related information of the Company and the wholly owned subsidiary are available on our website. These documents will also be available for inspection during the business hours at our Registered office.

EXTRACT OF ANNUAL RETURN

In accordance with section 134(3)(a) of the Companies Act, 2013, an extract of annual return in the prescribed format is appended as *Annexure - 6* to Board's Report.

DIRECTOR'S RESPONSIBILITY STATEMENT AS REQUIRED UNDER SECTION 134(3)(C) OF THE COMPANIES ACT, 2013

In accordance with the provisions of Section 134(3)(c) of the Companies Act, 2013, the Directors would like to state that:

- i In preparation of annual accounts for the financial year ended 31st March, 2015, the applicable accounting standards have been followed.
- ii The Directors have selected such accounting policies and applied them consistently and made judgements 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 and loss of the company for that period.

- iii The directors have taken proper and sufficient care towards 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, which are adequate and are operating effectively
- vi The directors have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively

SIGNIFICANT AND MATERIAL ORDERS

There are no significant and material order passed by regulations or courts or tribunals impacting the going status and Company's operations in future.

INSPECTION UNDER SECTION 209A OF THE COMPANIES ACT, 1956

During the financial year (2012-13), inspection under Section 209A of the Companies Act, 1956 was carried out by the office of Ministry of Corporate Affairs and the company has provided the reply for the clarifications sought by MCA.

SEBI - SECURITIES APPELLATE TRIBUNAL ORDER

During the financial year, SEBI Securities Appellate Tribunal had upheld the orders of the SEBI Adjudicating Officer dated 17th December, 2013 and imposed a penalty of Rs.3 lakhs on the company for delayed disclosure/reporting of purchase of shares under the SEBI PIT regulations. The Company had paid the penalty amount on 08th May, 2014.

PUBLIC DEPOSIT

During the year, your Company has not accepted/renewed any Deposits. The Company has repaid all the Deposits on or before 31st March, 2015.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

As per the provisions of the Companies Act, 2013, Mr.G.Suresh (DIN 00600906) retire from office by rotation, and being eligible offer himself for re-appointment at the ensuing Annual General Meeting of the Company.

Brief particulars of the Director eligible for reappointment in terms of Clause 49 of the Listing Agreement are annexed to the Notice dated 29th May, 2015 convening the 20th Annual General Meeting.

Pursuant to provisions of Section 203 of the Companies Act, 2013, Mr.C.Ganapathy, Executive Chairman, Mr.G.Suresh, Managing Director & CEO, Mr.P.S.Subramanian, Chief Financial Officer and Mr.Shainshad Aduvanni, Company Secretary are the Key Managerial Personnel of the Company.

DECLARATION BY INDEPENDENT DIRECTORS

The company has received necessary declaration from each independent Director under section 149(7) of the Companies Act, 2013 that they meet the criteria of independence laid down in Section 149(6) of the Companies Act 2013 and Clause 49 of the Listing Agreement.

BOARD EVALUATION

The evaluation framework for assessing the performance of Directors comprises of the following key areas:

1. Attendance of Board Meeting and Board Committee Meetings
2. Quality of Contribution to Board deliberations
3. Strategic perspectives or inputs regarding future growth of Company and its performance
4. Providing perspectives and feedback going beyond information provided by the management
5. Commitment to shareholders and other stakeholder interests

The evaluation involves self-evaluation by the Board Members and subsequently assessment by the Board of Directors. A member of the Board will not participate in the discussion of his/ her evaluation.

VIGIL MECHANISM/WHISTLE BLOWER POLICY

The Company has adopted a Whistle Blower Policy as a mechanism for employees to report to the management, their concern about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct and it affirms that no personnel have been denied access to the Audit Committee. A copy of Whistle Blower Policy has been placed at our website at www.cgvak.com for reference.

AUDITORS

The Statutory Auditors of the Company M/s. S.Lakshminarayanan Associates, Chartered Accountants, Coimbatore, retire at the conclusion of the ensuing Annual General Meeting. The Statutory Auditors have confirmed their eligibility and willingness to accept the office on re-appointment. The Board recommends their re-appointment for the next term.

SECRETARIAL AUDITOR

Mrs.Manimekala V Raj, Practising Company Secretary was appointed to conduct the secretarial audit of the company for financial year 2014-15, as required under Section 204 of the Companies Act, 2013 and Rules made there under. The secretarial audit report for FY 2014-15 forms part of the Annual Report as Annexure 7 to the Board's Report.

INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal financial controls with reference to Financial Statements. Such controls were tested during the financial year and no material weakness in the design or operation was observed.

DISCLOSURE AS REQUIRED UNDER SECTION 22 OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (Prevention, Prohibition and Redressal) Act, 2013.

The Company has in this place an Anti Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition, Redressal) Act, 2013. The Internal Complaints Committee (ICC) has been setup to redress the complaints received regarding Sexual Harassment. All employees are covered under this policy.

The following are the complaints received and disposed off during the financial year 2014-15:

- A. No.of complaints received: NIL
- B. No.of complaints disposed off : NIL

ACKNOWLEDGEMENT

The Directors of your Company would like to take this opportunity to thank one and all associated with it enabling it to scale greater heights and emerge as a recognized software solutions vendor in the industry. The faith and confidence shown on your Company by banks, global clients, government authorities and shareholders has propelled our enthusiasm and strengthen our determination to achieve our vision.

Finally your Directors would like to express their sincere thanks to the dedication and committed hard work of the employees working in India, USA and at various client locations to reach our corporate vision.

(By Order of the Board)
for CG-VAK SOFTWARE AND EXPORTS LIMITED

Place: Coimbatore
Date : 29th May, 2015

C.Ganapathy
Chairman
DIN 00735840

Annexure - I to Director's Report

Particulars of Remuneration of Directors and Employees pursuant to Section 197 (12) of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

- (i) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year:

S. No.	Name of the Director	Ratio
1	Mr.C.Ganapathy, Executive Chairman	1.71:1
2	Mr.G.Suresh, Managing Director & CEO	17.13:1
3	Mr.M.Durairaj, Independent Director	0.05:1
4	Mr.S.Muthukumar, Independent Director	0.20:1
5	Mr.S.Mohan, Independent Director	0.20:1
6	Mr.A.Sankar, Independent Director	0.20:1
7	Mrs.S.Latha, Non Executive Women Director	0.07:1

During the year, the non-executive directors received only the sitting fees as remuneration.

- (ii) The percentage increase in remuneration of each Director, Chief Financial Officer (CFO), Chief Executive Officer (CEO), Company Secretary (CS) or Manager, if any, in the financial year:

S.No	Name of the Director / CFO/ CEO/CS	% Increase/(Decrease) in remuneration
1	Mr.C.Ganapathy, Executive Chairman	Not Applicable
2	Mr.G.Suresh, Managing Director & CEO	Not Applicable
3	Mr.M.Durairaj, Independent Director	Not Applicable
4	Mr.S.Muthukumar, Independent Director	Not Applicable
5	Mr.S.Mohan, Independent Director	Not Applicable
6	Mr.A.Sankar, Independent Director	Not Applicable
7	Mrs.S.Latha, Non Executive Women Director	Not Applicable
8	Mr.P.S.Subramanian, CFO	31%
9	Mr.Shainshad Aduvanni, CS	35%

- (iii) The percentage increase in the median remuneration of the employees in the financial year

- (iv) Number of Permanent Employees on the rolls of the company (As on 31st March, 2015)

- (v) The explanation on the relationship between average increase in remuneration and company performance :
- The performance of the company has improved when compared with previous years. The increase granted to employees is in line with the normal increase granted by company from time to time and is intended to compensate for inflation and motivate employees to perform at their best.

- (vi) Comparison of the remuneration of the Key Managerial Personnel (KMP) against the performance of the company

KMP's remuneration 2014-15 (Rs in Lakhs)	% Increase/ (Decrease) in KMP's remuneration (2014-15 against 2013-14)	Sales 2014-15 (Rs in Lakhs)	% Increase in sales Sales (2014-15 against 2013-14)
46.47	7.44%	1053.77	17.72%

- (vii) Variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with last public offer in case of listed companies and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year:

Particulars	As on 31.03.2014	As on 31.03.2015	Variations	Percentage
Market Capitalization (Rs in Lakhs)	223.15	1173.92	950.77	426%
Price earnings ratio	1.29	1.86	0.57	44.19%

Market quotations of the shares as on 31.03.2015 (BSE)	Rs.23.20/- per share of the face value Rs.10/- per share.
Market quotations of the shares when the company came out with last public offer	Public Issue in December 1995 at a price of Rs.10/- per share of the face Value Rs.10/- per share.
Percentage increase/decrease over in the market quotations of the company	The Company has come out with initial public offer in December 1995. An amount of Rs.10 invested in the said IPO would be worth Rs.23.20 as on 31 st March, 2015 indicating a compounded annual growth rate of 4 % which is excluding the dividend accrued thereon.

- (viii) Average percentile increase already made in salaries of employees other than managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for the increase in the managerial remuneration : The average percentile increase granted to employees other than the managerial personnel is 12.53%. The percentile increase granted to managerial personnel is 7.44%.

- (ix) Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company:

KMP's Name & Designation	CTC (for 2014-15) (Rs in Lakhs)	%Increase / (Decrease) in CTC (2014-15 against 2013-14)	Sales (for 2014-15) (Rs in Lakhs)	%Increase in Sales (2014-15 against 2013-14)
Mr.C.Ganapathy, Executive Chairman	5.62	71%	1053.77	17.72%
Mr.G.Suresh, Managing Director & CEO	31.16	3%		
Mr.P.S.Subramanian, Chief Financial Officer	6.90	31%		
Mr.Shainshad Aduvanni, Company Secretary	7.05	35%		

- (x) The key paramaters for any variable Component of remuneration availed by the directors
- (xi) The ratio of the remuneration of the highest paid director to that of employees who are not directors but receive remuneration in excess of the highest paid Director during the year

The Directors are not eligible for any variable compensation as per the provisions of the Act

Since the remuneration of the highest paid employee is not in excess of the highest paid Director, it is not applicable.

- (xii) We affirm that the remuneration paid to Directors, Key Managerial Personnel and employees is as per the remuneration policy approved by the Board of Directors of the company.
- (xiii) Statement of employees receiving remuneration not less than 5 lakh rupees per month : Not Applicable

NOTE:

1. Mr.C.Ganapathy , Mr.G.Suresh and Mrs.S.Latha are related to each other
2. Gross remuneration comprises salary, commission, allowance, monetary values of perquisites and the company's contribution to the provident fund, Gratuity Fund and Superannuation Fund.
3. Net remuneration is exclusive of contributions to provident fund, gratuity fund, superannuation fund and tax deducted.
4. The CTC granted to Mr.C.Ganapathy includes medical reimbursement paid during the financial year 2014-15.

(By Order of the Board)
for CG-VAK SOFTWARE AND EXPORTS LIMITED

Place: Coimbatore
Date : 29th May, 2015

C.Ganapathy
Chairman
DIN 00735840

Annexure - 2 to Director's Report

**Explanation to the Auditors' Report to the members of
M/s. CG-VAK Software And Exports Limited**

- 1 With reference to the auditors' remark on non provision of gratuity claim (note no.4.13, of the notes forming part of accounts), we wish to state that no provision has been made as the terms of appointment of former Managing Director does not contain provisions for payment of gratuity; The Assistant Commissioner, Labour has already dismissed the claim. The Complainant has preferred an appeal against the order of the Asst Commissioner and the Appeal is pending. The company has disputed the claim;
- 2 With reference to the auditors' remark on non provision of gratuity claim (note no.4.14, of the notes forming part of accounts) , we wish to state that no provision has been made as the Director concerned was a Non Executive Director and was not drawing any salary and hence not eligible for gratuity. The company has disputed the claim and the same is pending before the Labour Court;
- 3 With reference to the auditors' remark on non provision of gratuity claim (note no.4.15, of the notes forming part of accounts), we wish to state that no provision has been made as the employee was not eligible for gratuity. The company has disputed the claim and the same is pending before the Labour Court;
- 4 With reference to the Auditors' remark on non-payment of fixed deposit (note no.4.16 of the notes forming part of accounts), we wish to state that The Fixed Deposit claim is an appeal made by a Former Managing Director and his family members before the High Court, Madras against the Company Law Board's Order. The Company Law Board had earlier passed an order that the claim was not maintainable and decided in favor of Company during June, 2011. The Company has disputed the claim before the High Court Madras.
- 5 With reference to the Auditors' remark on the non-audit of wholly owned subsidiary (note no.4.17, of the notes forming part of accounts), we wish to state that Audit of the subsidiary is not mandated as per the prevailing rules and regulations in United States of America where the subsidiary is registered.

(By Order of the Board)
for CG-VAK SOFTWARE AND EXPORTS LIMITED

Place: Coimbatore
Date : 29th May, 2015

C.Ganapathy
Chairman
DIN 00735840

Annexure - 3 to Director's Report
Form No. AOC-2

[Pursuant to clause(h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014] Form of disclosure of Particulars of contracts/arrangements entered into by the company with the related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms-length transactions under third proviso thereto.

1. Details of contracts or arrangements not at arm's basis:

S.No.	Name of related party and nature of relationship	Name of contracts / arrangements transactions	Duration of contracts/ arrangements/ transactions	Salient features of contracts/arrangements/ transactions, including value, if any	Justifications for entering into such contracts/arrangements/ transactions	Date(s) of approval by the Board	Amount paid as advances, if any	Date on which special resolution was passed in General meeting u/s 188
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	
Not Applicable								

2. Details of material contracts or arrangements or transactions at arm's-length basis.

S.No.	Name of related party and nature of relationship	Name of contracts / arrangements transactions	Duration of contracts/ arrangements/ transactions	Salient features of contracts/arrangements/ transactions, including value, if any	Date(s) of approval by the Board / Audit committee	Amount paid as advances, if any
(A)	(B)	(C)	(D)	(E)	(F)	
1	S.Latha Non Executive Women Director	Rental Agreement renewed on 30.06.2014 upto 31.05.2015	Renewed in every 11 months at Rs.1,46,410/month	Leasing of Property & Renewed in every 11 months at Rs.1,46,410/month		Rs.11,00,000
2	CG-VAK Software USA Inc (WOS)	Loan to WOS	During April 2014 to March 2015	Loan repaid during 2014-15 Rs.21,36,720 and interest receipts Rs.1,18,982	These RPTs are in the ordinary course of business and are at arm's length basis and are reported to Audit Committee/ Board at their meetings.	Not Applicable
3	CG-VAK Software USA Inc (WOS)	Recruitment services rendered to WOS	During April 2014 to March 2015	Rs.34,93,510		Not Applicable

Place: Coimbatore
Date : 29th May, 2015

(By Order of the Board)
for CG-VAK SOFTWARE AND EXPORTS LIMITED

C.Ganapathy
Chairman
DIN 00735840

Annexure - 4 to Director's Report**Policy for Selection of Directors and determining Directors' independence****1. Introduction**

1.1 CG-VAK Software And Exports Ltd (CG-VAK) believes that an enlightened Board consciously creates a culture of leadership to provide a long term vision and policy approach to improve the quality of governance.

Towards this, CG-VAK ensures constitution of a Board of Directors with an appropriate composition, size, diversified expertise and experience and commitment to discharge their responsibilities and duties effectively.

1.2 CG-VAK recognizes the importance of Independent Directors in achieving the effectiveness of the board. CG-VAK aims to have an optimum combination of Executive, Non-Executive and Independent Directors

2. Scope and Exclusion:

This policy sets out the guiding principles for the Nomination and Remuneration committee for identifying persons who are qualified to become Directors and to determine the independence of Directors, in case of their appointment as independent directors of the Company.

3. Terms and References:

In this policy, the following terms shall have the following meanings:

3.1 Director means a director appointed to the Board of the Company.

3.2 Nominations and Remuneration Committee means the committee constituted by CG-VAK's Board in accordance with the provisions of Section 178 of the Companies Act, 2013 and Clause 49 of the Equity Listing Agreement.

3.3 Independent Director means a director referred to in sub-section (6) of Section 149 of the Companies Act, 2013 and Clause 49(II)(B) of the Equity Listing Agreement.

4. Policy:**4.1. Qualification and criteria**

4.1.1. The Nomination and Remuneration Committee, and the Board, shall review on an annual basis, appropriate skills, knowledge and experience required for the Board as a whole and its individual members. The objective is to have a Board with diverse background and experience that are relevant for the Company's global operations.

4.1.2. In evaluation of the suitability of individual Board members, the Nomination and Remuneration committee may take into account factors, such as:

- General understanding of the Company's business dynamics, global business and social perspective;
- Educational and professional background Standing in the profession;
- Personal and professional ethics, integrity and values;
- Willingness to devote sufficient time and energy in carrying out their duties and responsibilities effectively.

4.1.3. The proposed appointee shall also fulfill the following requirements:

- Shall possess a Director Identification Number;
- Shall not be disqualified under the Companies Act, 2013;
- Shall give his written consent to act as a Director;
- Shall endeavour to attend all Board meetings and wherever he is appointed as a Committee Member, the Committee Meetings;
- Shall abide by the Code of Conduct established by the Company for Directors and Senior Management Personnel;
- Shall disclose his concern or interest in any company or companies or bodies corporate, firms, or others association of individuals including his shareholding at the first meeting of the Board in every financial year and thereafter whenever there is a change in the disclosures already made;
- Such other requirements as may be prescribed, from time to time, under the Companies Act, 2013, Equity Listing Agreements and other relevant laws.

4.1.4. The Nomination and Remuneration committee shall evaluate each individual with the objective of having a group that best enables the success of the Company's business.

4.2 Criteria of Independence

4.2.1 The Nomination and Remuneration committee shall assess the independence of Directors at the time of appointment/re-appointment and the Board shall assess the same annually. The Board shall re-assess determinations of independence when any new interests or relationships are disclosed by a Director.

4.2.2. The criteria of independence, as laid down in Companies Act, 2013 and Clause 49 of the Equity Listing Agreement, is as below;

An independent director in relation to a company, means a director other than a managing director or a whole time director or a nominee director.

- a) Who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
 - b) i) who is or was not a promoter of the company or its holding, subsidiary or associate company;
ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
 - c) who has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
 - d) none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
 - e) who, neither himself nor any of his relatives
 - i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
 - ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of
 - A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
 - B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
 - iii) holds together with his relatives two per cent or more of the total voting power of the company; or
 - iv) is a Chief Executive or Director, by whatever name called, of any non-profit organization that receives twenty-five per cent or more of its receipts from the Company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company; or
 - f) Shall possess such other qualifications as may be prescribed.
- 4.2.3. The Independent Directors shall abide by the Code for Independent Directors as specified in Schedule IV to the Companies Act, 2013.

4.3. Other directorships / committee memberships

- 4.3.1. The Board members are expected to have adequate time and expertise and experience to contribute to effective Board performance.
Accordingly, members should voluntarily limit their directorships in other listed public limited companies in such a way that it does not interfere with their role as directors of the Company. The Nomination and Remuneration Committees shall take into account the nature of, and the time involved in a Director's service on other Boards, in evaluating the suitability of the individual Director and making its recommendations to the Board.
- 4.3.2. A Director shall not serve as Director in more than 20 Companies of which not more the 10 shall be Public Limited Companies.
- 4.3.3. A Director shall not serve as an Independent Director in more than 7 Listed Companies and not more than 3 Listed Companies in case he is serving as a Whole-time Director in any Listed Company.
- 4.3.4. A Director shall not be a member in more than 10 Committees or act as Chairman of more than 5 Committees across all companies in which he holds directorships.
For the purpose of considering the limit of the Committees, Audit Committee and Stakeholders' Relationship Committee of all Public Limited Companies, whether listed or not, shall be included and all other companies including Private Limited Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013 shall be excluded.

POLICY ON REMUNERATION OBJECTIVES OF THE POLICY

- I. The Company's Remuneration Policy is aimed to attract and retain the best talents by ensuring a fair, transparent and equitable remuneration to employees and Directors, based inter alia on individual job requirements, responsibilities, commensurate qualifications of individuals, experience, the performance of the Company and the performance / contribution of the individual employee. The policy enables a framework that allows for fair rewards for the achievement of key deliverables, in line with industry and Group practice.
- II. The Company follows a compensation mix of fixed and performance linked variable pay. Individual performance pay is measured through a structured and transparent appraisal process.

Managing Director (MD) / Executive Director (ED) / Whole-time Director (WTD)

- III. When determining the remuneration for the MD / ED / WTD the Company will take into account the market sector that it operates, business performance and the practices in other comparable Companies including global companies when appropriate.
- IV. The Company pays remuneration by way of Salary, Perquisites and performance linked variable pay to its MD / ED / WTD, within the overall ceiling limits approved by the Shareholders of the Company, subject to the provisions of the Companies Act, 2013. The Nomination & Remuneration Committee recommends the performance linked variable pay, payable to the MD / ED/ WTD based on the profits for the financial year and as per the policy of the Group, based on the performance of the Company as well as that of the MD / ED / WTD and as prescribed under the Companies Act and within overall limits approved by the shareholders. The Board of Directors approves the variable pay payable for the year based on the recommendations of the Nomination & Remuneration Committee.
- V. The Company also extends other perquisites as is applicable to the Senior Management Personnel of the Company and as per the Policy of the Company as may be approved by the Nomination & Remuneration Committee / Board of Directors from time to time.

Non-Executive & Independent Directors

The Company currently pays sitting fees for attending the meetings of the Board / Committees thereof, which includes Audit Committee, Nomination & Remuneration Committee and Stakeholder's Relationship Committee. Any change in this fee would have to be approved by the Board of Directors within the limits and provisions of the Companies Act, 2013. The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending the meetings as and when applicable.

Key Managerial Personnel (KMP) & Senior Management Personnel (SMP)

KMP as defined in the Companies Act 2013, includes the Chief Financial Officer and the Company Secretary. The Senior Management Personnel are all those Executives who directly report to the MD / ED / WTD i.e. one level below the Board of Directors.

The Compensation package to the KMPs and the SMPs will comprise:

- Salary and applicable allowances. The annual salary revision for members of the KMPs and SMPs will be subject to approval by the Nomination and Remuneration Committee.
- A performance linked variable pay, based on the performance of the Company and the concerned individual.
- Applicable Perquisites based on HR policies.
- Pension and other retiral benefits in accordance with the relevant statutes.

Any other perquisite in accordance with the Policy of the Company and as approved by the Nomination & Remuneration Committee / Board of Directors, from time to time.

Annexure - 5 to Director's Report
Form AOC -1

Pursuant to section 129(3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014.

Statement containing salient features of the financial statement of the subsidiary

(in Rs.)

1	Name of the Subsidiary	CG-VAK Software USA Inc.
2	Reporting Period	31 st March, 2015
3	Reporting Currency	USD
4	Exchange Rate*	62.00
5	Share Capital	3,54,80,000
6	Reserves and Surplus	5,65,26,931
7	Total Assets	12,39,35,049
8	Total Liabilities	12,39,35,049
9	Details of Investments	Not Applicable
10	Turnover and Other Income	28,53,65,961
11	Profit/(Loss) Before Taxation	87,56,253
12	Provision for Taxation	24,22,362

13	Profit/(Loss)After Taxation	63,33,891
14	Proposed Dividend	NIL
15	Percentage of Holding	100%

* The Financial Statements of subsidiary whose reporting currency other than INR are converted into India Rupees on the basis of appropriate exchange rate. The financial statements of the Subsidiary which are reported in US Dollars are converted into Indian rupees at Rs.62.00/USD (Rs.60.75/USD for the previous year ended 31st March, 2014) and translated on appropriate basis for monetary, non-monetary, income and expenditure.

For and on Behalf of the Board of Directors

G.Suresh Managing Director	C.Ganapathy Executive Chairman	S.Muthukumar Director
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Place : Coimbatore
Date : 29th May 2015

P.S. Subramanian Chief Financial Officer	Shainshad Aduvanni Company Secretary
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Annexure - 6 to Director's Report

Form No. MGT -9

EXTRACT OF ANNUAL RETURN

As on the financial year ended 31st March, 2015

[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: L30009TZ1994PLC005568
- ii) Registration Date: 06th December, 1994
- iii) Name of the Company : CG-VAK SOFTWARE AND EXPORTS LIMITED
- iv) Category/Sub-Category of the Company: Company Limited by Shares/ Indian Non-Govt.Company
- v) Address of the Registered Office and Contact Details:
No. 171, Mettupalayam Road, Coimbatore – 641 043
Ph: 0422-2434491/92/93 Fax: 0422-2440679
Email: investorservices@cgvak.com
- vi) Whether Listed Company: Yes
- vii) Name, Address and Contact details of Registrars and Transfer Agents, if any:
M/s. S.K.D.C. Consultants Limited,
Kanapathy Towers, 3rd Floor, 1391/A-1 Sathy Road, Ganapathy, Coimbatore - 641 006
Phone: 0422 – 6549995, 2539835, 2539836 Fax : 0422 – 2539837
E-mail: info@skdc-consultants.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the Company

S.No.	Name and Description of main products/services	NIC Code of the product/service	% to total turnover of the Company
1.	Computer Programming, Consultancy and Related Services	62020	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

S.No.	Name, address & CIN / GLN of the Company	% of Shares held	Applicable Section
1.	CG-VAK Software USA Inc	100%	2(87)

IV SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

(i) Category-wise Shareholding :

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A) Promoters									
(1) Indian									
a) Individuals/ Hindu Undivided Family	1891899	0	1891899	37.389	2066922	0	2066922	40.848	3.442
b) Central Government/ State Government(s)	0	0	0	0.000	0	0	0	0.000	0.000
c) Bodies Corporate	0	0	0	0.000	0	0	0	0.000	0.000
d) Financial Institutions/ Banks	0	0	0	0.000	0	0	0	0.000	0.000
e) Any Others (Specify)	0	0	0	0.000	0	0	0	0.000	0.000
TRUSTS	0	0	0	0.000	0	0	0	0.000	0.000
Sub Total(A)(1)	1891899	0	1891899	37.389	2066922	0	2066922	40.848	3.442
(2) Foreign									
a) Individuals (Non-Residents Individuals/ Foreign Individuals)	0	0	0	0.000	0	0	0	0.000	0.000
b) Bodies Corporate	0	0	0	0.000	0	0	0	0.000	0.000
c) Institutions	0	0	0	0.000	0	0	0	0.000	0.000
d) Qualified Foreign Investor	0	0	0	0.000	0	0	0	0.000	0.000
e) Any Others (Specify)	0	0	0	0.000	0	0	0	0.000	0.000
Sub Total(A)(2)	0	0	0	0.000	0	0	0	0.000	0.000
Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	1891899	0	1891899	37.389	2066922	0	2066922	40.848	3.442
(B) Public shareholding									
(1) Institutions									
a) Mutual Funds/ UTI	-	-	-	-	-	-	-	-	-
b) Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-
c) Central Government/ State Government(s)	-	-	-	-	-	-	-	-	-
d) Venture Capital Funds	-	-	-	-	-	-	-	-	-
e) Insurance Companies	-	-	-	-	-	-	-	-	-
f) Foreign Institutional Investors	-	-	-	-	-	-	-	-	-
g) Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
h) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
i) Any Other (specify)	-	-	-	-	-	-	-	-	-
FOREIGN PORTFOLIO INV (CORP.CAT)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1)	0	0	0	0.000	0	0	0	0.000	0.000
(2) Non-institutions									
a) Bodies Corporate									
i) Indian	58518	4400	62918	1.243	56356	4400	60756	1.201	(0.042)
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs 1 lakh	949635	430820	1380455	27.284	839537	422820	1261507	24.931	(2.336)
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	1344995	46800	1391795	27.506	1152158	33900	1186058	23.440	(4.066)
c) Others (specify)									
DIRECTORS & THEIR RELATIVES	217535	49600	267135	5.279	342075	60000	402075	7.946	2.667
NON RESIDENT INDIANS	12723	0	12723	0.251	13750	0	13750	0.272	0.021
CLEARING MEMBERS	7257	0	7257	0.143	23070	0	23070	0.456	0.313
HINDU UNDIVIDED FAMILIES	45818	0	45818	0.905	45862	0	45862	0.906	0.001
Sub-Total (B)(2)	2636481	531620	3168101	62.611	2472808	521120	2993078	59.152	-3.442
Total Public Shareholding (B)= (B)(1)+(B)(2)	2636481	531620	3168101	62.611	2472808	521120	2993078	59.152	-3.442
C. Shares held by Custodian for GDRs & ADRs									
GRAND TOTAL (A)+(B)+(C)	4528380	531620	5060000	100.000	4539730	521120	5060000	100.000	0.000

(ii) Shareholding of Promoters :

S.No.	Shareholders Name	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% of change 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	S LATHA	355686	7.029	0.000	515402	10.186	0.000	3.140
2	G SURESH	936753	18.513	0.000	952060	18.815	0.000	0.302
3	G SARASWATHY	193110	3.816	0.000	193110	3.816	0.000	0.000
4	GANAPATHY C	406350	8.031	0.000	406350	8.031	0.000	0.000
	TOTAL	1891899	37.389	0.000	2066922	40.848	0.000	3.442

(iii) Change in Promoters' Shareholding:

S.No.	Name	Date	Shareholding 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	G.Saraswathy	At the Beginning of the year 01.04.2014	01/04/2014	193110	3.82	193110	3.82
		Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase	-	-	-	-	-
		At the end of the year	31/03/2015	193110	3.82	193110	3.82
2	C.Ganapathy	At the Beginning of the year 01.04.2014	01/04/2014	406350	8.03	406350	8.03
		Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase	-	-	-	-	
		At the end of the year	31/03/2015	406350	8.03	406350	8.03
3	G.Suresh	At the Beginning of the year 01.04.2014	01/04/2014	936753	18.51	936753	18.51
		Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase - Purchase					
		09/05/2014	100	0.00	936853	18.51	
		16/05/2014	200	0.00	937053	18.52	
		23/05/2014	430	0.01	937483	18.53	
		06/06/2014	1076	0.02	938559	18.55	
		13/06/2014	1556	0.03	940115	18.58	
		20/06/2014	6245	0.12	946360	18.70	
		30/06/2014	3100	0.06	949460	18.76	
		04/07/2014	2600	0.05	952060	18.82	
		At the end of the year	31/03/2015	952060	18.82	952060	18.82
4	S.Latha	At the Beginning of the year 01.04.2014	01/04/2014	355686	7.03	355686	7.03
		Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase - Purchase					
		11/07/2014	1100	0.02	356786	7.05	
		18/07/2014	3312	0.07	360098	7.12	
		25/07/2014	6993	0.14	367091	7.25	
		01/08/2014	200	0.00	367291	7.26	
		08/08/2014	2105	0.04	369396	7.30	
		14/08/2014	4898	0.10	374294	7.40	
		22/08/2014	13000	0.26	387294	7.65	
		29/08/2014	1790	0.04	389084	7.69	
		05/09/2014	3939	0.08	393023	7.77	
		19/09/2014	3659	0.07	396682	7.84	
		30/09/2014	900	0.02	397582	7.86	
		10/10/2014	2723	0.05	400305	7.91	
		17/10/2014	751	0.01	401056	7.93	
		14/11/2014	2402	0.05	403458	7.97	
		09/01/2015	1700	0.03	405158	8.01	
		16/01/2015	4047	0.08	409205	8.09	
		23/01/2015	1975	0.04	411180	8.13	
		30/01/2015	3187	0.06	414367	8.19	
		06/02/2015	5300	0.10	419667	8.29	
		20/02/2015	800	0.02	420467	8.31	
		27/02/2015	3000	0.06	423467	8.37	
		06/03/2015	3247	0.06	426714	8.43	
		13/03/2015	5750	0.11	432464	8.55	
		20/03/2015	21070	0.42	453534	8.96	
		27/03/2015	41960	0.83	495494	9.79	
		31/03/2015	19908	0.39	515402	10.19	
		At the end of the year	31/03/2015	515402	10.19	515402	10.19

Note: The above information is provided based on the Beneficiary Position received from Depositories and Physical share register.

(iv) Shareholding of top ten shareholders (other than Directors, Promoters and holders of GDRs and ADRs):

S.No.	Name	Date	Shareholding 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	K.V. Kamaraj	At the Beginning of the year 01.04.2014	01/04/2014	521674	10.31	521674	10.31
		Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase					
		At the end of the year	31/03/2015	521674	10.31	521674	10.31
2	C. Loganathan	At the Beginning of the year 01.04.2014	01/04/2014	201735	3.99	201735	3.99
		Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase/decrease-sale					
			14/11/2014	(130)	0.00	201605	3.98
			21/11/2014	(410)	-0.01	201195	3.98
			31/12/2014	(10)	0.00	201185	3.98
			09/01/2015	(300)	-0.01	200885	3.97
			23/01/2015	(1000)	-0.02	199885	3.95
			30/01/2015	(3100)	-0.06	196785	3.89
			06/02/2015	(1667)	-0.03	195118	3.86
			13/02/2015	(3200)	-0.06	191918	3.79
			20/02/2015	(400)	-0.01	191518	3.78
			27/02/2015	(200)	0.00	191318	3.78
			06/03/2015	(200)	0.00	191118	3.78
			13/03/2015	(200)	0.00	190918	3.77
			At the end of the year	31/03/2015	190918	3.77	190918
3	S Sankar	At the Beginning of the year 01.04.2014	01/04/2014	133336	2.64	133336	2.64
		Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase/decrease-sale					
			20/03/2015	(15625)	-0.31	117711	2.33
			27/03/2015	(33350)	-0.66	84361	1.67
			31/03/2015	(14550)	-0.29	69811	1.38
	At the end of the year	31/03/2015	69811	1.38	69811	1.38	
4	K. Jalajadevi	At the Beginning of the year 01.04.2014	01/04/2014	101607	2.01	101607	2.01
		Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase					
		At the end of the year	31/03/2015	101607	2.01	101607	2.01
5	Nataraj Kumar N	At the Beginning of the year 01.04.2014	01/04/2014	77550	1.53	77550	1.53
		Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase					
		At the end of the year	31/03/2015	77550	1.53	77550	1.53
6	S Dhanabakkiam	At the Beginning of the year 01.04.2014	01/04/2014	63046	1.25	63046	1.25
		Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase					
		At the end of the year	31/03/2015	63046	1.25	63046	1.25
7	M.Thanigachalam	At the Beginning of the year 01.04.2014	01/04/2014	56000	1.11	56000	1.11
		Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase					
		At the end of the year	20/03/2015	56000	1.11	56000	1.11
8	Narayanasamy R	At the Beginning of the year 01.04.2014	01/04/2014	52500	1.04	52500	1.04
		Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase					
		At the end of the year	31/03/2015	52500	1.04	52500	1.04
9	Ramakrishna Prabhu N	At the Beginning of the year 01.04.2014	01/04/2014	43600	0.86	43600	0.86
		Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase					
		At the end of the year	31/03/2015	43600	0.86	43600	0.86
10	Chandrakant Kirtilal Parikh	At the Beginning of the year 01.04.2014	01/04/2014	39500	0.78	39500	0.78
		Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase					
		At the end of the year	31/03/2015	39500	0.78	39500	0.78

Note: The above information is provided based on the Beneficiary Position received from Depositories and Physical share register.

(v) Shareholding of Directors and Key Managerial Personnel :

S.No.	Name		Date	Shareholding 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	C.Ganapathy	At the Beginning of the year 01.04.2014	01/04/2014	406350	8.03	406350	8.03		
		Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase	-	-	-	-	-		
		At the end of the year	31/03/2015	406350	8.03	406350	8.03		
2	G.Suresh	At the Beginning of the year 01.04.2014	01/04/2014	936753	18.51	936753	18.51		
		Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase - Purchase	09/05/2014	100	0.00	936853	18.51		
			16/05/2014	200	0.00	937053	18.52		
			23/05/2014	430	0.01	937483	18.53		
			06/06/2014	1076	0.02	938559	18.55		
			13/06/2014	1556	0.03	940115	18.58		
			20/06/2014	6245	0.12	946360	18.70		
			30/06/2014	3100	0.06	949460	18.76		
			04/07/2014	2600	0.05	952060	18.82		
		At the end of the year	31/03/2015	952060	18.82	952060	18.82		
		3	S.Latha	At the Beginning of the year 01.04.2014	01/04/2014	355686	7.03	355686	7.03
Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase - Purchase	11/07/2014			1100	0.02	356786	7.05		
	18/07/2014			3312	0.07	360098	7.12		
	25/07/2014			6993	0.14	367091	7.25		
	01/08/2014			200	0.00	367291	7.26		
	08/08/2014			2105	0.04	369396	7.30		
	14/08/2014			4898	0.10	374294	7.40		
	22/08/2014			13000	0.26	387294	7.65		
	29/08/2014			1790	0.04	389084	7.69		
	05/09/2014			3939	0.08	393023	7.77		
	19/09/2014			3659	0.07	396682	7.84		
	30/09/2014			900	0.02	397582	7.86		
	10/10/2014			2723	0.05	400305	7.91		
	17/10/2014			751	0.01	401056	7.93		
	14/11/2014			2402	0.05	403458	7.97		
	09/01/2015			1700	0.03	405158	8.01		
	16/01/2015			4047	0.08	409205	8.09		
	23/01/2015			1975	0.04	411180	8.13		
	30/01/2015			3187	0.06	414367	8.19		
	06/02/2015			5300	0.10	419667	8.29		
	20/02/2015			800	0.02	420467	8.31		
	27/02/2015			3000	0.06	423467	8.37		
	06/03/2015			3247	0.06	426714	8.43		
	13/03/2015			5750	0.11	432464	8.55		
	20/03/2015			21070	0.42	453534	8.96		
	27/03/2015			41960	0.83	495494	9.79		
	31/03/2015			19908	0.39	515402	10.19		
At the end of the year	31/03/2015			515402	10.19	515402	10.19		
4	S.Muthukumar			At the Beginning of the year 01.04.2014	01/04/2014	2500	0.05	2500	0.05
				Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase					
				At the end of the year	31/03/2015	2500	0.05	2500	0.05
5	S.Mohan			At the Beginning of the year 01.04.2014	01/04/2014	1000	0.02	1000	0.02
				Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase					
		At the end of the year	31/03/2015	1000	0.02	1000	0.02		
6	M.Durairaj	At the Beginning of the year 01.04.2014	01/04/2014	10000	0.20	10000	0.20		
		Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase							
		At the end of the year	31/03/2015	10000	0.20	10000	0.20		

(v) Shareholding of Directors and Key Managerial Personnel (Continued):

S.No.	Name		Date	Shareholding 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
7	A.Sankar	At the Beginning of the year 01.04.2014	01/04/2014	-	-	-	-
		Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase					
		At the end of the year 31/03/2015					
8	P.S.Subramanian	At the Beginning of the year 01.04.2014	01/04/2014	2000	0.04	2000	0.04
		Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase					
		At the end of the year	31/03/2015	2000	0.04	2000	0.04
9	Shainshad Aduvanni	At the Beginning of the year 01.04.2014	01/04/2014	100	0.00	100	0.00
		Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase					
		At the end of the year	31/03/2015	100	0.00	100	0.00

Note: The above information is provided based on the Beneficiary Position received from Depositories and Physical share register.

V. INDEBTEDNESS

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

(Rs in Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposit	Total Indebtedness
Indebtedness at the beginning of the financial year	11.66	1.55	26.86	40.07
i) Principal Amount	11.50	1.50	26.03	39.03
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.16	0.05	0.83	1.04
Total (i+ii+iii)	11.66	1.55	26.86	40.07
Change in Indebtedness during the financial year				
Addition	-	17.81	-	17.81
Reduction	6.08	5.52	26.86	38.46
Net Change	(6.08)	12.29	(26.86)	(20.65)
Indebtedness at the end of the financial year	5.58	13.84	0	19.42
i) Principal Amount	5.50	12.24	0	17.74
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.08	1.60	0	1.68
Total (i+ii+iii)	5.58	13.84	0	19.42

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

(Rs in Lakhs)

Sl.No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
		G.Suresh (Managing Director and CEO)	C.Ganapathy (Executive Chairman)	
1.	Gross Salary			
(a)	Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	30.00	3.00	33.00
(b)	Value of perquisite u/s 17(2) of the Income Tax Act 1961	1.16	2.62	3.78
(c)	Profits in lieu of salary u/s 17(3) of Income Tax Act 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission as percentage of profit	-	-	-
	Others, specify	-	-	-
5.	Others (Retiral Benefits)	-	-	-
	TOTAL (A)	31.16	5.62	36.78
	Ceiling as per the Act	As per Schedule V of the Companies Act, 2013		

B. Remuneration to other directors

(Rs.)

Sl.No.	Particulars of Remuneration	Name of Directors				Total Amount
		M. Durairaj	S. Muthukumar	S. Mohan	A. Sankar	
1	Independent Directors					
(a)	Fee for attending board committee meetings	8,000	35,000	35,000	35,000	1,13,000
(b)	Commission	-	-	-	-	-
(c)	others-(specify)	-	-	-	-	-
	Total (1)	8,000	35,000	35,000	35,000	1,13,000
2	Other Non-Executive Directors	S. Latha				
(a)	Fee for attending board committee meetings	12,000				12,000
(b)	Commission	-				-
(c)	others-(specify)	-				-
	Total (2)	12,000				12,000
	Total (B)=(1+2)					1,25,000
	Total Managerial Remuneration(A+B)	Rs.38.03 lakhs				
	Over all Ceiling as per the Act	As per Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014				

C. Remuneration to KMP other than MD, WTD/Manager

(Rs in Lakhs)

Sl.No.	Particulars of Remuneration	Name of the Key Managerial Personnel		Total Amount
		P.S.Subramanian (Chief Financial Officer)	Shainshad Aduvanni (Company Secretary)	
1.	Gross Salary			
(a)	Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	6.60	6.87	13.47
(b)	Value of perquisite u/s 17(2) of the Income Tax Act 1961	0.30	0.18	0.48
(c)	Profits in lieu of salary u/s 17(3) of Income Tax Act 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission as percentage of profit	-	-	-
	Others, specify	-	-	-
5.	Others (Retiral Benefits)	-	-	-
	TOTAL	6.90	7.05	13.95

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

There are no penalties/punishment/compounding of offences against CG-VAK Software And Exports Limited and its Directors and Officers under the Companies Act, 2013, for the year ended on 31st March, 2015

(By Order of the Board)
for **CG-VAK SOFTWARE AND EXPORTS LIMITED**

Place: Coimbatore
Date : 29th May, 2015

C.Ganapathy
Chairman
DIN 00735840

Annexure - 7 to Director's Report

**Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st MARCH 2015**

[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,
CG-Vak Software & Exports Limited
(CIN L30009TZ1994PLC005568)
171 Mettupalayam Road,
Coimbatore - 641043.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **CG-Vak Software & Exports Limited** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts /statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's 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, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March 2015 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2015 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 under;
- (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 thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment;
- (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 (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (vi) Other laws applicable specifically to the company:
 - (a) Information Technology Act 2000 and the Rules made thereunder
 - (b) Software Technology Parks of India Rules and Regulations.

I have also examined compliance with the applicable clauses of the Listing Agreement entered into by the Company with BSE Limited.

I report that, during the period under review the Company has complied with the provisions of the Act, Rules, Regulations and Guidelines mentioned above subject to the following observations :

- a) In the Financial Year 2013-14 the SEBI Adjudicating Officer had imposed a penalty of Rs. 3 Lakhs on the Company for the delayed disclosure/ reporting of purchase of shares under The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992. The Company had appealed against the order of the SEBI Adjudicating Officer to SEBI Securities Appellate Tribunal which upheld the order of the Adjudicating Officer on 23.04.2014. The Company has paid the penalty of Rs. 3 Lakhs on 08.05.2014.
- b) Gratuity claims by a former Director, former Managing Director and a former employee in the previous years has been disputed by the company and the case is pending before the Labour Court.
- c) An appeal regarding a claim by a former Managing Director and his family members in the previous years for non payment of Fixed Deposit is pending before the High Court of Madras.

I, further report that there were no actions/ events in pursuance of:

- (a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
- (b) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
- (d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

requiring compliance thereof by the Company during the financial year.

The Secretarial Standards issued by the Institute of Company Secretaries of India were not applicable during the year.

I further report that 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.

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.

As per the minutes of the Board Meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

I 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.

I further report that during the audit period the Company has not taken any action or had any specific event having a major bearing on the affairs of the Company in pursuance of the above referred Laws, Rules, Regulations and Guidelines other than the following:

- a) The members of the Company passed Special Resolution u/s 180(1)(c) of the Companies Act 2013, through postal ballot process empowering the Board of Directors to borrow monies provided the amounts borrowed and outstanding at any point of time shall not exceed Rs. 25 Crores over and above the aggregate of paid up capital and free reserves of the Company
- b) The members of the Company passed Special Resolution u/s 180(1)(a) of the Companies Act 2013, through postal ballot process empowering the Board of Directors to create charge on the Company's property/assets/undertakings to secure credit facilities/ borrowings availed or to be availed by the Company, upto the Board's borrowing limits.

Place : Coimbatore
Date : 29th May 2015

MANIMEKALA V RAJ
PRACTISING COMPANY SECRETARY
FCS No: 5163
C.P. No: 3789

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

Annexure-A

To
The Members,
CG-Vak Software & Exports Limited
(CIN L30009TZ1994PLC005568)
171 Mettupalayam Road,
Coimbatore - 641043.

My 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. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I 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 a test basis to ensure that correct facts are reflected in the secretarial records. I believe that the processes and practices I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and 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 management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place : Coimbatore
Date : 29th May 2015

MANIMEKALA V RAJ
PRACTISING COMPANY SECRETARY
FCS No: 5163
C.P. No: 3789

REPORT ON CORPORATE GOVERNANCE
(In Compliance with Clause 49 of the Listing Agreement)

I. Company's Philosophy on Corporate Governance

Your Company believes that good Corporate Governance practice enables the Management to direct and control the affairs of the Company in an efficient manner and to achieve its ultimate goal of maximizing value for all its share holders. The Company's efforts are towards efficient conduct of its business and fulfilling its obligations towards employees and shareholders, guided by a strong emphasis on transparency, accountability and integrity.

II Board of Directors

The Board consists of One Executive Chairman, One Managing Director, One Non Executive Women Director and Four Independent Directors. The composition of Directors and their attendance at the Board Meeting during the year and the last Annual General Meeting are as follows:

Sl No.	Name of Director	Category of Directorship	No. of Board Meetings attended (From 01.04.2014 to 31.03.2015)	Attendance at Last AGM	No. of other Directorships held in Public Companies*	No. of Membership (M)/ Chairmanship (C) in other Board Committee(s)*
					As on 31.03.2015	
1.	Mr.C.Ganapathy Executive Chairman	Promoter, Executive Director	5	Yes	Nil	Nil
2.	Mr.G.Suresh Managing Director & CEO	Promoter, Executive Director	5	Yes	Nil	Nil
3.	Mr.M.Durairaj	Independent, Non-Executive Director	2	No	Nil	Nil
4.	Mr.S.Muthukumar	Independent, Non-Executive Director	5	Yes	Nil	Nil
5.	Mr.S.Mohan	Independent, Non-Executive Director	5	Yes	Nil	Nil
6.	Mr.A.Sankar	Independent, Non-Executive Director	5	Yes	Nil	Nil
7.	Mrs.S.Latha Women Director	Promoter, Non-Executive Director	4	Yes	Nil	Nil

Five Board Meetings were held during the financial year ended 31.03.2015. The dates on which the Board Meetings were held are 28.05.2014, 09.07.2014, 31.07.2014, 30.10.2014 and 09.02.2015.

* Directorships in Private Limited Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013 are excluded for this purpose.

III Audit Committee

The primary objective of this committee is to monitor and provide effective supervision of the financial control and reporting process. The terms of reference of the Audit Committee are in tandem with those laid down by Stock Exchange regulations and the provisions of the Companies Act, 2013.

The Audit Committee consists of Three Independent Directors. The Composition of the Committee is as below:

Sl.No	Name of the Director	No. of Meetings Held	No. of Meetings Attended
1.	Mr.S.Muthukumar, Chairman	4	4
2.	Mr.S.Mohan	4	4
3.	Mr.A.Sankar	4	4

The Committee met four times during the year on 28.05.2014, 31.07.2014, 30.10.2014 and 09.02.2015

IV Nomination and Remuneration Committee

The Nomination and Remuneration Committee was constituted in compliance with the provisions of Section 178 of the Companies Act, 2013 and Clause 49 (IV) of the Listing Agreement with the Stock Exchange. The Nomination and Remuneration Committee will consider and review from time to time, the remuneration payable to all Directors, Key Managerial Personnel, and Senior Management Personnel of the Company.

Remuneration Policy

The remuneration of the Managing Director and Executive Director is recommended by the Remuneration Committee based on criteria such as industry benchmarks, the Company's performance vis-à-vis the industry, responsibilities shouldered, performance/track record, macroeconomic review on remuneration packages of heads of other organizations and is decided by committee members. The Company pays remuneration by way of salary, perquisites and allowances (fixed component), incentive remuneration and/or commission (variable components) to its Managing and Executive Director. The remuneration package of whole time Directors has been calculated in accordance with the requirements of schedule VI of the Companies Act, 2013.

Remuneration of Non-Executive Directors

The Non-Executive Directors do not receive any remuneration from the Company, apart from the sitting fees. No significant material transactions have been made with the Non-Executive Directors vis-à-vis the Company.

The components of the total remuneration vary for different grades of employees and are governed by industry patterns, qualifications and experience of the employee, responsibilities handled by him, his individual performances, etc. The annual variable pay of senior managers is linked to the Company's performance in general and their individual performance for the relevant year is measured against specific major performance areas which are closely aligned to the Company's objectives.

Remuneration of employees largely consists of basic remuneration, perquisites, allowances and Performance incentives.

The Nomination and Remuneration Committee consists of Three Independent Directors. The Nomination and Remuneration Committee met on 30.10.2014. The Composition of the Committee is as below:

Sl.No	Name of the Director	No. of Meetings Held	No. of Meetings Attended
1.	Mr.S.Muthukumar, Chairman	1	1
2.	Mr.S.Mohan	1	1
3.	Mr.A.Sankar	1	1

Details of the remuneration paid to the Directors during the year ended 31st March 2015.
1. Executive Directors :
(Rs in Lakhs)

Sl. No	Name & Position	Salary(CTC)	Commission	Total Remuneration(CTC)
1.	Mr.G.Suresh, Managing Director & CEO	31.16	NIL	31.16
2.	Mr.C.Ganapathy, Executive Chairman	5.62	NIL	5.62

Executive Directors have waived the Commission eligible to them. Hence no commission was paid to the Executive Directors for the year ended 31.03.2015.

2. Non-Executive Director and Independent Directors :

Remuneration by way of sitting fees is paid to all Non-Executive Directors at the rate of Rs.3000/- per sitting for attending each meeting of the Board and w.e.f. 12.08.2013 Board recommended and paid Rs.2000/- per sitting for attending each meeting of the Committees.

Sl.No	Name & Position	Sitting Fees (Rs.)
1.	Mr.S.Muthukumar, Independent Director	35,000
2.	Mr. S.Mohan, Independent Director	35,000
3.	Mr..M.Durairaj, Independent Director	8,000
4.	Mr.A.Sankar, Independent Director	35,000
5.	Mrs.S. Latha, Non Executive Women Director	12,000

Details of Equity Shares of the Company held by Non-Executive Directors as on 31st March 2015:

Sl.No	Name	No. of Equity Shares
1.	Mr.S.Muthukumar, Independent Director	2500
2.	Mr. S.Mohan, Independent Director	1000
3.	Mr.M.Durairaj, Independent Director	10000
4.	Mr.A.Sankar, Independent Director	Nil

V Stakeholder's Grievance Committee

The Stakeholder's Grievance Committee consists of One Executive Director and Three Independent Directors. The Chairman of the Committee is an Independent Director. During the year 2014-2015, Five complaints were received from shareholders/authorities to the Company. Four of them were replied/resolved to their satisfaction. There was one complaint pending at the end of the year.

The Committee met four times during the year on 28.05.2014, 31.07.2014, 30.10.2014 and 09.02.2015

Sl.No	Name of the Director	No. of Meetings Held	No. of Meetings Attended
1.	Mr.S.Muthukumar, Chairman	4	4
2.	Mr.C.Ganapathy	4	4
3.	Mr.S.Mohan	4	4
4.	Mr.A.Sankar	4	4

Mr. Shainshad Aduvanni, the Company Secretary is the Compliance Officer of the Company.

The Company has exclusively designated the following e-mail id for Investor Relations: investorservices@cgvak.com.

Meeting of Independent Directors

A separate meeting of Independent Directors was held on 30.10.2014. All the Independent Directors of the Company were present for the meeting.

VI Annual General Meetings:

Year	Type	Location	Date	Time	Special Resolutions passed by the Shareholders
2012	AGM	Hotel Annalakshmi, 106-A, Race Course, Coimbatore-18	21.09.2012	4.30 P.M	None
2013	AGM	Ardra Hall, Kaanchan, 9, North Huzur Road, Coimbatore -641 018	23.08.2013	4.30 P.M	Re-appointment of Mr.G.Suresh, Managing Director for a period of 3 years w.e.f 01.09.2013
2014	AGM	Ardra Hall, Kaanchan, 9, North Huzur Road, Coimbatore -641 018	26.09.2014	4.30 P.M	None

Postal Ballot

Special Resolution passed during the year 2014-2015, through Postal Ballot :

Special Resolution was passed under Section 180 (1)(a) and Section 180 (1)(c) of the Companies Act, 2013 for authorizing the Board of Directors to Create Charges on Company's properties and to borrow upto Rs. 25 crores, over and above the paid up capital of the Company and its free reserves:

Resol- ution No.	Particulars	Mode	For			Against		
			No.of Members	No.of Votes	%	No.of Members	No.of Votes	%
1	Special Resolution under Section 180(1) (a) of the Companies Act, 2013, for granting authority to Board of Directors for creation of charges/ mortgages on the movable and immovable properties of the Company, both present and future, in respect of borrowings etc.	E-Voting & Ballot	82	2181661	99.90	10	2100	0.10
2	Special Resolution under Section 180(1)(c) and 180(2) of the Companies Act, 2013, for granting authority to Board of Directors to borrow in excess of the paid up capital and free reserves of the Company.	E-Voting & Ballot	80	2180261	99.89	10	2400	0.11

The Scrutinizer appointed was Mrs. Manimekala V Raj, Practicing Company Secretary. During the year 2015-2016, there is no proposal to conduct Postal Ballot to pass any Special Resolution.

VII Code of Conduct

- The company is adopting Code of Conduct for all the Directors and Senior Management Personnel. The CEO Certificate on Compliance is furnished separately.
- CEO/ CFO Certification
CEO / CFO Certification under the Corporate Governance Guidelines prescribed by SEBI have been submitted to the Board by the CEO and CFO

VIII Disclosures

- There are no materially significant related party transactions that may have potential conflict with the interests of Company at large
- During the financial year, SEBI Securities Appellate Tribunal had upheld the orders of the SEBI Adjudicating Officer dated 17th December, 2013 and imposed a penalty of Rs.3 lakhs on the company for delayed disclosure/reporting of purchase of shares under the SEBI PIT regulations. The Company had paid the penalty amount on 08th May, 2014. The Bombay Stock Exchange has issued a show cause notice vide their letter dated 18th November, 2010 and subsequently issued an order dated 17th May, 2011 and has suspended trading of securities for 5 days from 25th May, 2011 to 31st May, 2011 for various non-compliance. Apart from this there has been no instance of any penalty / stricture imposed on the Company by Stock Exchanges / SEBI / any other statutory authorities on any matter relating to capital market, during the last three years.
- During the year 2012-2013, inspection under Section 209A of the Companies Act, 1956 was carried out by the office of Ministry of Corporate Affairs and the company has provided the reply for the clarifications sought by MCA.
- The Company has adopted a Whistle Blower Policy as a mechanism for employees to report to the management concern about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct and it affirms that no personnel have been denied access to the Audit Committee. A copy of Whistle Blower Policy has been placed at our website at www.cgvak.com for reference.
- Pursuant to SEBI Circular No.CIR/CFD/POLICY CELL/7/2014 dated 15th September 2014, compliance with the provisions of Clause 49 is not mandatory for the Company since the Company's paid up capital is not exceeding Rs.10 crore and Net worth is not exceeding Rs.25 crore as on 31st March, 2014.

However, the Company has implemented all mandatory requirement of Clause 49 of the listing agreement. Details of Compliance of non mandatory requirement are given below.

1. Adopted the best practices to ensure a regime of unqualified financial statements.
2. The Company has appointed separate persons to the post of Chairman and Managing Director & CEO.

IX Means of Communications

- (a) Quarterly Financial Results are published in the pro-forma prescribed by Stock Exchanges in English Newspaper “Trinity Mirror” and Tamil Newspaper “Makkal Kural”. As the Company publishes the audited results within the stipulated period of 60 days from the date of the close of financial year as required by Listing Agreement with the Stock Exchanges, the unaudited results for the last quarter of the financial year are not published. The results are also displayed on the Company’s website at www.cgvak.com.
- (b) The Company is filling/submitting its Shareholding Pattern, Financial Results and Report on Corporate Governance on quarterly basis to the Stock Exchanges.

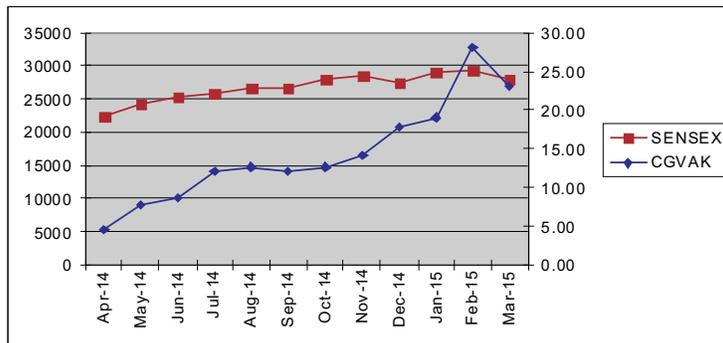
X General Information for Shareholders:

1. AGM – Date , Time & Venue
28th September, 2015
4.30 PM
Ardra Hall, Kaanchan,
9, North Huzur Road,
Coimbatore -641 018
2. **Financial Calendar for the year 2015-2016**
Results for Quarter Ending 30th June,2015
Results for Quarter Ending 30th September,2015
Results for Quarter Ending 31st December,2015
Results for Quarter Ending 31st March, 2016
Will be published on or before:
14th August, 2015
14th November, 2015
14th February, 2016
30th May, 2016
3. Date of Book Closure
Tuesday, the 22nd September, 2015 to Monday,
the 28th September, 2015 (both days inclusive.)
4. Dividend payment due date
Dividend, if declared at the AGM, will be paid
on or before 27th October, 2015
5. Listing on Stock Exchange Type of Security
THE BSE LIMITED,
P.J.Towers, Dalal Street,
Mumbai – 400 001.Equity
6. Stock Code
ISIN
531489
INE084D01010
7. Securities and Exchange Board of India vide order no WTM//RKA/MRD/12/2013 dated 03rd April, 2013 passed exit order in respect of Coimbatore Stock Exchange Limited. Accordingly your Company ceased to be listed with Coimbatore Stock Exchange Limited.

8. **Market Price Data**
Monthly Share Price for the year 2014-2015

Month	High	Low	Close
April 2014	4.86	4.50	4.50
May 2014	8.26	4.63	7.85
June 2014	10.50	8.00	8.58
July 2014	12.55	9.00	12.10
August 2014	13.89	12.00	12.60
September 2014	14.37	11.40	12.01
October 2014	13.23	11.98	12.65
November 2014	16.70	12.03	14.22
December 2014	17.89	12.85	17.89
January 2015	19.40	13.80	19.00
February 2015	34.55	16.90	28.10
March 2015	30.95	22.15	23.20

9. **Movement of Share Price – BSE during 2014 – 2015**



10. **Registrar and Share Transfer Agents**

S.K.D.C. Consultants Ltd.,
 Kanapathy Towers,
 3rd Floor 1391/A-1 Sathy Road, Ganapathy
 Coimbatore 641 006. Ph: 0422-6549995
 Email id: info@skdc-consultants.com

11. **Share Transfer System**

The Company's shares are required to be compulsorily traded in the stock exchanges in dematerialized form. Shares in Physical mode which are lodged for transfer are processed and returned within the stipulated time, if the documents are complete in all respects. Physical shares received for dematerialization are processed and completed within the stipulated time if the documents are complete in all respects. Bad deliveries are promptly returned to Depository Participants (DP'S) under advice to share holders. The company obtains from Practicing Company Secretary, Coimbatore the following certificates:

- Pursuant to clause 47 (C) of the listing agreement with the stock exchanges, on half-yearly basis, for due compliance of share transfer formalities by the company through RTA.
- Pursuant of SEBI (Depositories and Participants) Regulations, 1996, on quarterly basis, to reconcile the total admitted capital with National Securities Depository Limited (NDSL) and Central Depository Services (India) Limited (CDSL) with the total issued/Paid-up capital of the company.

12. Distribution of Shareholding as on 31st March, 2015.

Category	No. of Share Holders	%	Amount(Rs.)	%
Upto - 5,000	2736	83.14	51,17,950	10.11
5,001 -- 10,000	293	8.90	25,10,640	4.96
10,001 -- 20,000	105	3.19	16,17,860	3.20
20,001 -- 30,000	64	1.94	15,75,790	3.11
30,001 -- 40,000	16	0.49	5,67,510	1.12
40,001 -- 50,000	18	0.55	8,08,980	1.60
50,001 -- 1,00,000	23	0.70	18,46,840	3.65
1,00,001 AND ABOVE	36	1.09	3,65,54,430	72.25
TOTAL	3291	100.00	5,06,00,000	100.00

Shareholding Pattern as on 31st March 2015.

Category	No. of Shares	Percentage of Shareholding
Promoter and Promoter Group	20,66,922	40.85
Domestic Bodies Corporate	60,756	1.20
Non Resident Indians	13,750	0.27
Indian Public and Others	29,18,572	57.68
Total	50,60,000	100.00

13. Shares dematerialised as on 31.03.2015 : 89.70%

Shares Dematerialised with : **National Securities Depository Limited,**
Trade World, 4th Floor, Kamala Mills Compound,
Senapati Bapat Marg, Lower Parel, Mumbai – 400 013.

: **Central Depository Services (India) Limited,**
P.J.Towers, 28 th Floor, Dalal Street,
Mumbai – 400 001.

Dematerialisation of shares : Commenced with effect from March 2001.

14. Plant Location : (The Company does not have Plants and the addresses given below are only offices of the Company)
CG-VAK Software And Exports Limited

INDIA		USA
<u>Registered Office - Unit I</u> No.171, Mettupalayam Road, Coimbatore – 641043 India	<u>Unit II</u> S.F.No.174/2, Thiruvalluvar Street, Vellakinar Pirivu Road, G.N.Mills Post, Coimbatore – 641 029 India	<u>New Jersey</u> 116, Village Boulevard, Suite No.200, Princeton, New Jersey - 08540, USA

Wholly Owned Subsidiary:

NEW JERSEY	CALIFORNIA
CG-VAK Software USA Inc., 100, Overlook Centre, 2 nd Floor, Princeton New Jersey - 08540	CG-VAK Software USA Inc., 1661, Tice Valley Blvd, Suite # 101, Walnut Creek, California - 94595

15. Address for Correspondence : M/s. S.K.D.C. Consultants Limited,
Kanapathy Towers, 3rd Floor
1391/A-1 Sathy Road, Ganapathy
Coimbatore 641 006.
Phone: 0422 – 6549995, 2539835, 2539836
Fax: 0422 – 2539837
e-mail: info@skdc-consultants.com
16. Address for Communication to the Company : CG-VAK Software And Exports Limited,
171, Mettupalayam Road,
Coimbatore – 641043.
Phone: 0422 – 2434491 to 93
Fax: 0422 – 2440679
e-mail: investorservices@cgvak.com
Website: www.cgvak.com

(By Order of the Board)
for CG-VAK SOFTWARE AND EXPORTS LIMITED

Place: Coimbatore
Date : 29th May, 2015

C.Ganapathy
Chairman
DIN 00735840

CODE OF CONDUCT- DECLARATION UNDER CLAUSE 49 (II) (E) OF THE LISTING AGREEMENT

This is to certify that:

1. In pursuance of provisions of Clause 49 (II)(E) of the Listing Agreement with the Stock Exchange, a code of conduct for Board of Directors, Key Managerial Personnel and Senior Management Personnel has been approved by the Board.
2. The said code of conduct has been uploaded on the Company's website and also circulated to the members of the Board Key Managerial Personnel and Senior Management Personnel.
3. All Board members, Key Managerial Personnel and Senior Management Personnel have affirmed with said Code of Conduct for the period of 31st March, 2015

(By the Order of Board)
for CG-VAK SOFTWARE AND EXPORTS LIMITED

Place : Coimbatore
Date : 29th May, 2015

G.Suresh
Managing Director & CEO
DIN 00600906

CEO AND CFO CERTIFICATION

To the Board of Directors
of CG-VAK Software And Exports Limited

In compliances with Clause 49 (IX) of the Listing Agreement with the Stock Exchanges, we hereby certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended 31st March 2015 and that to the best of their 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 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 2014-2015 which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for the financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have not observed any deficiencies in the design or operation of such internal controls.
- (d) We have indicated to the auditors and the Audit committee that there are:
 - (i) No significant changes in internal control over financial reporting during the year;
 - (ii) no significant changes in accounting policies during the year; and
 - (iii) No instances of significant fraud where the involvement of the management or an employee having a significant role in the company's internal control system over financial reporting have been observed.

Place : Coimbatore
Date : 29th May, 2015

G.Suresh
Managing Director & CEO

P.S.Subramanian
Chief Financial Officer

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of

CG-VAK SOFTWARE AND EXPORTS LIMITED

We have examined the compliance of corporate governance by CG-VAK Software And Exports Limited for the year ended 31st March, 2015 as stipulated in clause 49 of the listing agreement of the said company with the stock exchanges.

The compliance of the 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. 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 the representation made by directors and the management, we certify that the company has complied with the conditions of corporate governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the company as per the records maintained by the shareholder/Investor grievance 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 **S. Lakshminarayanan Associates**
Chartered Accountants
S. Lakshminarayanan
Partner
M.No.012024
Regn.No.006609S

Place : Coimbatore
Date : 29th May, 2015

MANAGEMENT DISCUSSION AND ANALYSIS REPORT**1. Industry Structure:**

In the calendar year 2014 the global output grew by about 3.3% and the GDP growth in the largest market USA was 2.2%. For the fiscal 2015 the global economic growth is expected to be at 3.5% and it is expected to be stronger in developed economies.

The worldwide IT-BPM spend in 2014 was estimated to be USD 2.3 trillion with a growth of 4.6% over 2013. Software is making a total transformation in every industry around the world and the trend of using the services of Offshore Software service providers is increasing steadily. Disruptive trends such as Cloud computing, Mobility and analytics are transforming the Software services business. Technology has also evolved from driving just cost effectiveness to adding tangible business value.

North American market continues to be the major contributor to India's IT service exports and companies are increasingly making investments in technology to drive growth in their business.

2. Operational performance

During the year under review your Company has achieved a turnover of **Rs. 1053.77** lakhs as against Rs. 895.12 lakhs in the previous year. The net profit for the year was **Rs. 93.90** lakhs as against the net profit of Rs. 65.06 lakhs in the previous year. The company has strengthened its focus on the offshore software services and Outsourced Product Development (OPD) market segment.

3. Segment-wise Performance

The contributions of business from various Geographical area were:

North America contributed to **86%** and Rest of the world **14 %**. The company has strategically increased the focus on offshore software services and the onsite service business is NIL. The business from Offshore Services was **Rs. 1053.77** lakhs during the year 2014-2015 as against Rs.895.12 in the previous year. The increase has been at 17.72% compared with previous year.

4. Opportunities, Threats, Risks and Concerns

The company is getting good traction on Social, Mobility, Cloud practices and Outsourced Product Development (OPD) market segment from North America. Disruptive trends such as Cloud computing, Mobility and analytics are transforming the Software services business and providing very good opportunities. We seek to strengthen the client relationships by improving the value we offer to our clients and we expect a good growth in the repeat business we get. The sales pipeline has been growing well and this provides good opportunities for growth. There is stiff competition from many Indian and International IT companies for business.

Our Industry is marked by high attrition rate and the prime challenge is to retain the best talent. We are trying to mitigate the risk by offering good HR practices and providing an opportunity to work in our US subsidiary. The company is exposed to the risks and benefits of foreign exchange fluctuations. The company is now adopting a very cautious approach in hedging the currency. High dependency on the North American market is again a risk, which we are trying to mitigate by expanding the geographical spread of our market. Currently we procure 86% of our business from the North America.

5. Outlook for the future:

The global economy is expected to improve in 2015 and the global GDP is likely to grow at 3.5% in 2015 and USA by approximately 3%.

The Indian IT Industry's exports are expected to grow at the rate of 12-14% in 2015. As the global economy improves and consumer confidence increases, the IT spending is expected to grow well providing very good opportunities. The technology changes like Cloud, Mobility, Analytics and social technologies are expected to drive the technology spending globally. CG-VAK has already made a headway in these technology areas and can capitalize on the opportunities that are thrown open due to these changes.

The company has been building domain expertise, innovative delivery methods in the Outsourced Product Development space that has helped in differentiating our service offerings to win deals. A positive growth is expected to continue in the current year as well.

6. Internal Controls & their Adequacy

We have a good control mechanism in place at all our departments. As we are an ISO 9001:2008 Certified Company, we have a well-matured development process in place where there is an enhancement of the processes in all our departments. Every department has Performance Objectives fixed for each year and the same is reviewed every month. The Company has also a Risk Management plan in place where the potential risks are identified and a mitigation plan is also in place for each of the identified risks.

7. Human Resources

One of the top priorities for the company has been recruiting and retaining good talent. The company has made various HR initiatives to ensure that higher level of job satisfaction is attained for its engineers. Also company adopts continuous skill enhancement practice for its engineers. As of 31st March 2015 the employee strength stood at 182.

8. Caution

The views and statements expressed or implied in the Management Discussions and Analysis are based on available information, experience and our own assessments. They are subject to alterations. The Company's actual Performance may differ due to national or international ramifications, Government Regulations, Policies, Tax Laws and other unforeseen factors over which the Company do not or may not have any control.

(By Order of the Board)
for CG-VAK SOFTWARE AND EXPORTS LIMITED

Place: Coimbatore
Date : 29th May, 2015

C.Ganapathy
Chairman
DIN 00735840

Independent Auditors' Report

To the Members of CG-VAK Software And Exports Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **CG-VAK SOFTWARE AND EXPORTS LIMITED** ("the company"), which comprise the Balance Sheet as at 31st March 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the 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 control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 financial statements based on 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, 2015 and its Profits and its cash flows for the year ended on that date.

Emphasis of Matters

We draw attention to the following matter in the Notes forming part of the financial statements:-

- (a) Note Nos.4.13, 4.14, 4.15 to the financial statements regarding Non Provision of gratuity which describes the uncertainty relating to the outcome of the law suits filed against the company by a former director and his relatives.

- (b) Note No.4.16 to the financial statement regarding the claim on non-payment of fixed deposit by the company before the Madras High Court which describes the uncertainty relating to the outcome of the law suits filed against the company by a former director and his relatives.
- (c) Note No.4.17 to the financial statement wherein we did not audit the financials of the wholly owned subsidiary whose financials have been consolidated along with those of the company which have been compiled by a Certified Public Accountant, certified by the management as the audit of the wholly owned subsidiary is not mandated as per prevailing rules and regulations of United States of America.

Our opinion is not modified in respect of these matters.

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order 2015 ("the Order"), issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure a Statement on the matters specified in paragraphs 3 and 4 of the order.
2. As required by Section 143(3) of the Act, 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 purpose 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, Statement of Profit & Loss Account, and the Cash Flow Statement dealt with by this Report are in agreement with the Books of Account;
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of written representation received from the Directors as of 31st March, 2015 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 vide Note No.4.13, 4.14, 4.15 and 4.16.
 - ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Place : Coimbatore
Date: 29th May, 2015

For **S. Lakshminarayanan Associates**
Chartered Accountants
S. Lakshminarayanan
Partner
M.No.012024
Firm Regn.No.006609S

Annexure to the Independent Auditors' Report :

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date).

We report that,

- i) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
 - (b) The Fixed assets of the Company have been physically verified by the Management during the year in accordance with the regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- ii) In respect of its inventories:

The Company does not hold any inventory.
- iii) The Company had granted unsecured loans to its wholly owned subsidiary covered in the Register maintained under section 189 of the Companies Act, 2013
 - (a) The balance of the principal and interest stand fully settled as on the date of the balance sheet and the repayments were as per the terms and conditions agreed upon between the parties to the agreement.
 - (b) No amount is overdue as on the date of the balance sheet.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets and the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in such internal control system.
- v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.
- vi) The Central Government has not prescribed the maintenance of Cost Records u/s 148(1) of the Act for any of the services rendered by the company.
- vii) According to the information and explanations given to us, on the basis of our examination of the records of the company in respect of Statutory dues
 - (a) The company has been regular in depositing undisputed statutory dues including Provident fund, Employees State Insurance, Income Tax, Sales tax, wealth tax, service tax, customs duty, excise duty, VAT, cess and other Material Statutory dues with the appropriate authorities.
 - (b) No undisputed amounts payable in respect of income tax and other material statutory dues were in arrears as at 31st march 2015 for a period of more than 6 months from the date they became payable.
 - (c) There are no pending amounts required to be transferred to Investor Education and Protection Fund.
- viii) The Company has no accumulated losses at the end of the Financial Year. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- ix) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to any bank / financial institution.
- x) In our Opinion according to the information and the explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xi) In our opinion and according to the information and explanations given to us, the Company has applied the term loans availed during the year for the purpose for which the loans were obtained.
- xii) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

Place : Coimbatore
Date: 29th May, 2015

For **S. Lakshminarayanan Associates**
Chartered Accountants
S. Lakshminarayanan
Partner
M.No.012024
Firm Regn.No.006609S

BALANCE SHEET AS AT 31ST MARCH 2015

	Note No	31-Mar-2015 Rs	31-Mar-2014 Rs	
I EQUITY & LIABILITIES:				
1 Shareholders' Funds:				
a	Share Capital	2.01	5,05,33,700	5,05,33,700
b	Reserves & Surplus	2.02	3,10,65,266	2,50,23,845
			8,15,98,966	7,55,57,545
2 Non Current Liabilities:-				
a	Long Term Borrowings	2.03	7,33,584	19,71,462
b	Other Long Term Liabilities		11,16,512	2,94,120
			18,50,096	22,65,582
3 Current Liabilities:-				
a	Trade Payables		14,55,759	9,21,549
b	Other Current Liabilities	2.04	87,82,706	84,44,199
c	Short Term Provisions	2.05	56,67,128	56,67,029
			1,59,05,593	1,50,32,777
			9,93,54,655	9,28,55,904
II Assets:				
1 Non Current Assets				
a	Fixed Assets	2.06		
	- Tangible Assets		1,55,81,669	1,62,44,168
	- Intangible Assets		27,59,508	32,53,796
			1,83,41,177	1,94,97,964
b	Non Current Investments	2.07	3,65,05,096	3,31,01,761
c	Deferred Tax Asset (net)	2.08	49,06,687	41,58,193
d	Long Term Loans & Advances	2.09	15,26,990	17,70,427
2 Current Assets				
a	Trade Receivables	2.10	3,24,19,418	2,43,45,458
b	Cash & Cash Equivalents	2.11	44,19,616	72,08,354
c	Short Term Loans & Advances	2.12	12,04,738	26,98,632
d	Other Current Assets		30,933	75,115
			3,80,74,705	3,43,27,559
			9,93,54,655	9,28,55,904

Significant Accounting Policies & Notes form an Integral part of the financials statements

As per Report of even date

For and on Behalf of the Board of Directors

For S Lakshminarayanan Associates
 Chartered Accountants
 S Lakshminarayanan
 Partner (M.No.012024)
 Firm Regn No.006609S

G.Suresh
Managing Director

 S.Muthukumar
Director

C.Ganapathy
Executive Chairman

 P.S. Subramanian
Chief Financial Officer

Place : Coimbatore
 Date : 29th May, 2015

Shainshad Aduvanni
Company Secretary

PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015

	Note No	31-Mar-2015 Rs	31-Mar-2014 Rs	
I	Income:			
a	Revenue from Operations	3.01	10,53,77,380	8,95,12,219
b	Other Income	3.02	22,70,299	36,09,796
			10,76,47,679	9,31,22,015
II	Expenditure:			
a	Employee Benefit Expenses	3.03	7,01,99,274	6,25,20,094
b	Operating & Other Expenses	3.04	1,91,09,907	1,70,65,928
c	Finance Cost	3.05	5,71,145	8,48,170
d	Depreciation & Amortization		54,32,850	49,09,088
			9,53,13,176	8,53,43,280
III	Profit/ (Loss) Before Taxes		1,23,34,503	77,78,735
IV	Tax Expense			
a	Current Tax	50,00,000		
	Less: MAT Credit entitlement	13,06,756	36,93,244	14,82,500
b	Deferred Tax		(7,48,494)	(2,09,475)
			29,44,750	12,73,025
V	Profit / (Loss) for the Year		93,89,753	65,05,710
	Earnings Per Share (par value of Rs.10 each) (Basic & Diluted)		1.86	1.29

Significant Accounting Policies & Notes form an Integral part of the financial Statements

As per Report of even date

For S Lakshminarayanan Associates
Chartered Accountants
S Lakshminarayanan
Partner (M.No.012024)
Firm Regn No.006609S

Place : Coimbatore
Date : 29th May, 2015

For and on Behalf of the Board of Directors

G.Suresh
Managing Director

S.Muthukumar
Director

C.Ganapathy
Executive Chairman

P.S. Subramanian
Chief Financial Officer

Shainshad Aduvanni
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015

	31-Mar-2015 Rs	31-Mar-2014 Rs
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) Before Tax and Extra-Ordinary Items	1,23,34,503	77,78,734
<u>Adjustments for</u>		
Depreciation & Amortization	54,32,850	49,09,088
(Profit) / Loss on sale of Assets	(21,568)	12,145
Provision for Bad Debts	43,98,574	22,65,279
Unrealised Foreign Exchange gain on cash and cash equivalents	(6,849)	(1,838)
Interest Receipts	(2,18,646)	(7,14,893)
Finance Cost	5,71,145	8,48,170
Operating Profit/ (Loss) Before Working Capital Changes	2,24,90,009	1,50,96,685
<u>Adjustments for</u>		
(Increase) / Decrease in Trade Receivables	(1,24,72,534)	(85,28,410)
(Increase) / Decrease in Other Current Assets	(3,53,369)	28,85,317
Increase / (Decrease) in Trade & Other Payables	15,32,230	14,99,968
Changes in Working Capital	(1,12,93,673)	(41,43,125)
Cash Generated From Operations	1,11,96,336	1,09,53,560
Direct Taxes Paid	(29,40,663)	(34,59,425)
Net Cash Generated from Operating Activities	82,55,673	74,94,135
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(44,52,066)	(20,46,463)
Purchase of Investments	(34,03,335)	0
Interest Receipts	2,18,646	7,14,893
Sale of Fixed Assets	1,97,571	67,619
	(74,39,184)	(12,63,951)
C CASH FLOW FINANCING ACTIVITIES		
Increase / (Decrease) in Secured Long Term Borrowing	(6,07,704)	(5,90,569)
Increase / (Decrease) in Unsecured Long Term Borrowing	(15,29,002)	(22,29,689)
Increase / (Decrease) in Working Capital Borrowing	0	0
Loans Received Back from Subsidiary	21,36,721	31,74,274
Dividend Paid	(25,27,050)	(25,23,370)
Corporate Dividend Distribution Taxes paid	(4,29,472)	(4,28,847)
Increase / (Decrease) in bank balances not considered as Cash & Cash equivalents	7,61,411	(10,55,940)
Finance Cost	(6,53,731)	(8,74,900)
	(28,48,827)	(45,29,041)
Net Increase/(Decrease) in Cash & Cash Equivalents	(20,32,338)	17,01,143
Add: Opening Balance of Cash & Cash Equivalents	55,69,316	38,68,173
Closing Balance of Cash & Cash Equivalents	35,36,978	55,69,316

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015

	31-Mar-2015 Rs	31-Mar-2014 Rs
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Reconciliation of Cash and Cash Equivalents with the Balance Sheet

Cash and Cash Equivalents as per Note No.2.11	44,19,616	72,08,354
Less: Deposits maturing beyond 3 months	8,15,700	12,82,319
Less: Deposits under lien	60,089	3,54,881
	35,43,827	55,71,154
Unrealised Foreign Exchange Gain/Loss - Cash & Cash Equivalents	(6,849)	(1,838)
Cash & Cash Equivalents as restated	35,36,978	55,69,316

Notes

- 1 Cash Flow Statement prepared under Indirect Method as set out in Accounting Standard -3 (AS -3)
- 2 Figures in brackets indicate cash outflow
- 3 Previous year figures have been regrouped and reclassified wherever necessary to confirm to current year's presentation.

Significant Accounting Policies & Notes form an Integral part of the financial Statements

As per Report of even date

For S Lakshminarayanan Associates
 Chartered Accountants
 S Lakshminarayanan
 Partner (M.No.012024)
 Firm Regn No.006609S

Place : Coimbatore
 Date : 29th May, 2015

For and on Behalf of the Board of Directors

G.Suresh
Managing Director

S.Muthukumar
Director

C.Ganapathy
Executive Chairman

P.S. Subramanian
Chief Financial Officer

Shainshad Aduvanni
Company Secretary

NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS
Note No
1.00 Significant Accounting Policies
i. Basis of Preparation of financial Statements

The financial statements have been prepared to comply with Accounting Principles generally accepted in India, the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules 2014 and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared on accrual basis under historical cost convention and are consistent with those followed in previous year except for the change in accounting policy on depreciation as more fully described in Note 4.01 of the Notes annexed to and forming part of accounts.

ii. Fixed Assets:
a. Tangible Assets

Fixed assets are stated at cost less accumulated depreciation and impairment loss, if any. The carrying amount of assets are reviewed at each balance sheet date if there is an indication of impairment based on internal/external factors. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The reduction is treated as impairment loss and recognised in the statement of Profit & Loss account.

b. Intangible Assets

Intangible assets are stated at cost less accumulated amortization. The costs consists of purchase cost and any other cost directly attributable to bringing the assets to its working condition for its intended use. Subsequent expenditure incurred in relation to an item of intangible asset are added to its book value only if they increase the future benefits from the existing asset beyond the previously assessed standard of performance.

iii. Investments:

Investments held are all long term based on Management's intention at the time of purchase. Cost of overseas investments comprise of Indian rupee value of consideration paid for the investment translated at the exchange rate prevailing at the date of investment.

iv. Foreign Currency Transaction:

a. Foreign currency denominated monetary assets are translated at the exchange rates prevailing on the date of the balance sheet.

b. Monetary items denominated in foreign currency at the year end are restated at year end rates.

c. Non Monetary foreign currency items are stated at cost.

d. Items of revenue and expenditure are translated at the rates prevailing on the date of the transaction.

The resultant differences are recognised in the Statement of Profit & Loss account.

v. Revenue recognition:

a. Revenue from contracts priced on time are recognised when the services are rendered and related costs are incurred.

b. Interest receipts are recognised on time proportion basis taking into account the amount outstanding and rate applicable.

c. Dividend is recognised when the right to receive payment is established.

vi. Depreciation:

a. Upto March 31, 2014, depreciation has been provided in the accounts under Straight Line Method at the rates prescribed in Schedule XVI of the Companies Act, 1956.

b. Pursuant to the enactment of the Companies Act, 2013 (the 'Act'), the Company has, with effect from 1st April, 2014, reviewed and revised the estimated useful lives of its fixed assets, in accordance with the provisions of Schedule II of the Act and depreciation is now provided based on the remaining useful life of the As a result of these changes, the depreciation charge for the year ended March 31, 2015 is higher by Rs. 16.62 Lakhs with a corresponding decrease in the profit for the year.

vii. Taxation

a. Current Tax expense comprise of tax on income from indian and overseas operations. Income tax payable is determined as per the provisions of the Indian Income tax Act, 1961.

b. Deferred Tax expense is recognised on timing difference being the difference between taxable and accounting income that originate in one period to be reversed in one or more subsequent periods. Deferred tax liability or asset are determined at the rates prevailing at the balance sheet date.

viii. Employee benefits
a. Provident fund

Provident fund contributions are as per the rates prescribed by the Employees Provident fund act and the same is charged to the profit & loss account

b. Gratuity

The expenditure is recognised based on present value of obligation as determined in accordance with AS 15 on Employee benefits as per Note No.4.10 regarding disclosure on the requirements of AS 15.

NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS

Note No	31-Mar-2015 Rs	31-Mar-2014 Rs
c	<u>Other short term employee benefits</u>	
	The amount of short term employee benefits expected to be paid in exchange of services rendered by the employee is recognised during the period in which the service is rendered. The benefits include performance incentive.	
ix	Segment Reporting	
	The Company's main business is providing of software services. There are no separate reportable segments as per Accounting Standard 17 (AS 17). Secondary segmental reporting is based on geographical location of customer and assets.	
x	Derivative Instruments and hedge accounting	
	Forwarding Exchange Contracts entered into hedging foreign currency risk of an existing asset or liability. The premium or discount arising at the inception of forward exchange contract is amortized and recognized as an expense/ income over the life of the contract. Exchange difference on such contract, except the contracts which are long term foreign currency monetary item, are recognized in the statement of profit & loss in the period in which the exchange rate change. Any Profit or Loss arising on cancellation or renewal of such forward exchange contract is also recognised as income or as expense for the period.	
2.01	Share Capital:	
i	Authorised Capital:	
	70,00,000 Equity Shares of Rs.10 each	7,00,00,000
ii	Issued, Subscribed & Paid-Up Capital:	
	50,60,000 Equity Shares of Rs.10 each	5,06,00,000
	Less: Calls in Arrears (Due from Directors - Nil)	66,300
		<u>5,05,33,700</u>
iii	<u>Reconciliation of number of Equity shares:-</u>	
	Shares outstanding as at 1st April 2014/ 1st April 2013	50,60,000
	Changes during the year	0
	Shares outstanding as at 31st March 2015/ 31st March 2014	50,60,000
iv	<u>List of shares held by shareholders holding more than 5% of the Aggregate shares in the company:</u>	
	Name of the Shareholder	Shares held
	Mr.G.Suresh	9,52,060
	Mr.K.V.Kamaraj	5,21,674
	Mr.C.Ganapathy	4,06,350
	Mrs.S.Latha	5,15,402
v	The company has issued only one class of equity shares having a par value of Rs.10/share	
2.02	Reserves & Surplus:	
i	<u>General Reserve</u>	
a	General Reserve - Opening Balance	1,06,00,000
b	Add: Transfer during the year	2,81,693
c	General Reserve - Closing Balance	1,08,81,693
ii	<u>Surplus in Profit & Loss Account</u>	
a	Opening Balance b/fd	1,44,23,845
b	Add/ (Less): Profit / (Loss) for the Year	93,89,751
		<u>2,38,13,596</u>
a	Less: Transfer to General Reserve	2,81,693
b	Less: Income tax for prior years	3,06,732
c	Less: Proposed Dividend	25,27,134
d	Less: Provision for Tax on Dividend	5,14,465
		<u>36,30,024</u>
e	Profit & Loss Account - Surplus c/fd	2,01,83,573
		<u>3,10,65,266</u>

NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS

Note No	31-Mar-2015 Rs	31-Mar-2014 Rs
2.03	<u>Long Term Borrowings:-</u>	
	<u>Secured Loans:-</u>	
i		
a	0	5,65,962
b	Hypothecation of assets acquired out of bank finance	
c	Personal Guarantee of The Managing Director & Executive Chairman	
d	Equitable mortgage over land and building & hypothecation of plant & Machinery, electrical fittings as collateral	
e	Term Loan Sanctioned - Rs. 30 lacs	
f	Interest paid @ 13.15% p.a.	
g	Total No of Instalments - 60; repayment commencing April 2012; pending instalments - 11	
	There is no continuing default in respect of this loan	
	<u>Unsecured Loans:-</u>	
ii	0	14,05,500
a	Deposits from Public	
b	Fixed deposits are accepted maturity ranging between 1 and 3 years	
c	Interest paid @ 11% p.a.	
	There are no continuing defaults in respect of fixed deposits	
iii	7,33,584	0
	7,33,584	19,71,462
	<u>Vehicle Loans - Others</u>	
	Pending EMI	Pending EMI
	31-Mar-2015	31-Mar-2014
a	28	0
	7,33,584	0
	7,33,584	0
i	Interest paid @ 10.49%	
ii	Current maturity of long term debt reported under current liabilities	
iii	There are no continuing defaults in respect of this loan	
	<u>Details of Non Current & Current Borrowings</u>	
	31-Mar-15	31-Mar-15
	Non Current	Current
	31-Mar-15	31-Mar-15
	Non Current	Total
a	0	5,58,258
b	0	0
c	7,33,584	4,90,183
	7,33,584	10,48,441
	7,33,584	17,82,025
	31-Mar-14	31-Mar-14
	Non Current	Current
	31-Mar-14	31-Mar-14
	Non Current	Total
a	5,65,962	6,00,000
b	14,05,500	11,97,800
c	0	1,49,469
	19,71,462	19,47,269
	19,71,462	39,18,731
2.04	<u>Other Current Liabilities</u>	
i	<u>Secured Current Maturities of Long term Debt</u>	
a	5,58,258	6,00,000
ii	<u>Unsecured Current Maturities of Long Term Debt:</u>	
a	0	11,97,800
b	4,90,183	1,49,469
iii	0	82,584
	<u>Interest Accrued But not due on Fixed Deposits</u>	

NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS

Note No		31-Mar-2015 Rs	31-Mar-2014 Rs
iv	Other payables		
a	Salary Payable	43,57,010	41,42,111
b	Other payables	33,77,255	22,72,235
		87,82,706	84,44,199
2.05	Short Term Provisions		
i	Provision for Income Tax (net)	11,82,388	1,23,075
ii	Provision for Employee Benefits	14,43,141	25,87,432
iii	Proposed Dividend	25,27,134	25,27,050
iv	Provision for Tax on Dividend	5,14,465	4,29,472
		56,67,128	56,67,029

2.06 Fixed Assets

Particulars	COST BLOCK				DEPRECIATION BLOCK				NET BLOCK	
	Cost As at 01- Apr- 14	Additons during the year	Sales/ Withdrawal	Cost as at 31- Mar- 15	upto 01- Apr- 14	Depreciation for the year	Sales/ Withdrawal	upto 31- Mar- 15	WDV 31- Mar- 15	WDV 31- Mar- 14
Tangible Fixed Assets										
Freehold Land	63,75,000	0	0	63,75,000	0	0	0	0	63,75,000	63,75,000
Freehold Building	46,60,178	1,19,420	0	47,79,598	13,85,547	11,05,975	0	24,91,522	22,88,076	32,74,631
Plant & Equipment	2,91,91,125	6,78,365	96,34,994	2,02,34,496	2,51,52,638	17,02,952	96,34,994	1,72,20,596	30,13,900	40,38,487
Vehicles	57,35,831	19,87,116	11,59,470	65,63,477	32,68,285	10,18,671	9,83,467	33,03,489	32,59,988	24,67,546
Furniture & Fittings	79,09,439	5,59,408	0	84,68,847	78,20,935	3,207	0	78,24,142	6,44,705	88,504
Sub Total - Tangible Assets	5,38,71,573	33,44,309	1,07,94,464	4,64,21,418	3,76,27,405	38,30,805	1,06,18,461	3,08,39,749	1,55,81,669	1,62,44,168
Previous YE 31-Mar-2014	6,07,42,387	13,80,816	82,51,630	5,38,71,573	4,33,29,789	24,69,482	81,71,866	3,76,27,405	1,62,44,168	1,74,12,598
Intangible Fixed Assets										
Software	3,60,76,938	11,07,757	0	3,71,84,695	3,28,23,142	16,02,045	0	3,44,25,187	27,59,508	32,53,796
Sub Total - Intangible Assets	3,60,76,938	11,07,757	0	3,71,84,695	3,28,23,142	16,02,045	0	3,44,25,187	27,59,508	32,53,796
Previous YE 31-Mar-2014	3,54,11,291	6,65,647	0	3,60,76,938	3,03,83,536	24,39,606	0	3,28,23,142	32,53,796	50,27,755
Grand Total	8,99,48,511	44,52,066	1,07,94,464	8,36,06,113	7,04,50,547	54,32,850	1,06,18,461	6,52,64,936	1,83,41,177	1,94,97,964
Previous YE 31-Mar-2014	9,61,53,678	20,46,463	82,51,630	8,99,48,511	7,37,13,325	49,09,088	81,71,866	7,04,50,546	1,94,97,965	2,24,40,354

2.07 Non-Current Investments: (Valued At Cost) - Other Investments

i	Investment in Equity Instruments:- (Fully paid - quoted)		
a	100 Equity Shares of Rs.10 each - Union Bank of India	1,600	1,600
b	3392.310 Units of Rs. 1000 each - SBI Premier Liquid Fund Regular Plan (Daily Dividend)	34,03,335	0
ii	Investment in Equity Instruments:- (Fully paid - Unquoted)		
a	750 Equity Shares of US\$ 1,000 each - CGVAK Software USA Inc CGVAK Software USA Inc is a wholly owned subsidiary.	3,31,00,161	3,31,00,161
		3,65,05,096	3,31,01,761
		Quoted	Quoted
	Aggregate Cost of Quoted Investments	34,04,935	1,600
	Face Value of Quoted Investments	33,93,310	1,000
	Aggregate Market Value of Quoted Investments	34,19,005	13,720

NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS

Note No		31-Mar-2015 Rs	31-Mar-2014 Rs
		<u>Unquoted</u>	<u>Unquoted</u>
	Aggregate Cost of Unquoted Investments	3,31,00,161	3,31,00,161
	Face Value of Unquoted Investments	3,31,00,161	3,31,00,161
	Details of investments bought and sold during the year		
	Units	Sale Value	Cost
	State Bank Of India - Mutual Fund 7487.489	75,11,823.63	75,11,823.30
2.08	Deferred Tax Asset:-		
	Opening Balance	41,58,193	39,48,718
	Add/(Less): Provision for the Year	7,48,494	2,09,475
		49,06,687	41,58,193
	Deferred Tax Assets (net)		
	Fixed Assets	16,15,986	8,69,857
	Employee Benefits	7,96,143	8,90,413
	Trade Receivable	24,94,558	23,97,923
		49,06,687	41,58,193
2.09	Long Term Loans & Advances:- (Unsecured Considered good)		
i	Other Long term Advances		
	- Related party - Rental advance	11,00,000	11,00,000
ii	Other Advances	0	92,000
iii	MAT Credit entitlement	0	1,55,547
iv	Deposits	4,26,990	4,22,880
		15,26,990	17,70,427
2.10	Trade Receivables - Unsecured		
i	Considered Good		
a	Outstanding for a period more than 6 months	92,46,336	48,60,018
b	Other debts	2,31,73,082	1,94,85,440
ii	Considered Doubtful	80,73,005	77,60,270
	Less: Provision for Doubtful Debts		
	- Upto last year	77,60,270	
	- For the year	43,98,574	
		1,21,58,844	
	Less: Written off during the year	40,85,838	(77,60,270)
		(80,73,005)	(77,60,270)
		3,24,19,418	2,43,45,458
iii	Provision for Doubtful Debts		
	The Company evaluates all customer dues for collectability. The need for provisions is assessed based on various factors including collectability, present market indicators pertaining to the relevant country which could affect the ability to settle. Provisions are made for debtor dues exceeding one year or longer from the date of invoice as at the date of the balance sheet. The company pursues all recovery of dues irrespective of provisions made.		
2.11	Cash & Cash Equivalents:-		
i	Cash in hand	97,370	1,22,138
	Balance with Banks in Current accounts	21,94,443	14,68,360
	Balance with Cash Credit Account	12,52,014	39,80,656
	Other Bank balances	8,75,789	16,37,200
		44,19,616	72,08,354

NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS

Note No	31-Mar-2015 Rs	31-Mar-2014 Rs
Details of Balances with banks as on the date of the balance sheet are as follows:-		
ii	<u>Balances with Bank in Current Accounts</u>	
a	0	8,463
b	46,536	3,22,773
c	60,617	60,003
d	24,663	0
e	0	38,650
f	1,557	14,648
g	20,61,070	10,23,823
	21,94,443	14,68,360
iii	<u>Balance with Cash Credit Account</u>	
	State bank of India Cash Credit (Sanctioned Limit of Rs.1 Crore)	39,80,656
a	Hypothecation of entire stocks(Raw Materils, Stock in process, Finished goods both present and future), receivables and other current assets of the unit.	
b	Personal Guarantee of The Managing Director & Executive Chairman	
c	Equitable mortgage over land and building as collateral	
d	There is no continuing default in respect of this loan	
iv	<u>Other Bank Balances - Deposit Accounts</u>	
a	0	2,94,792
b	8,75,789	13,42,408
	8,75,789	16,37,200
	<u>Deposit Accounts</u>	
a	60,089	3,54,881
b	8,15,700	12,82,319
	8,75,789	16,37,200
	<u>Deposit Accounts maturity beyond 1 year</u>	
a	8,15,700	14,85,001
b	60,089	1,52,199
	8,75,789	16,37,200
2.12	<u>Short Term Loans & Advances:</u>	
	<u>Unsecured - Considered Good</u>	
i	35,546	26,761
ii	0	21,36,720
iii	7,14,990	1,29,026
iv	4,54,202	4,06,125
	12,04,738	26,98,632
3.01	<u>Revenue From Operations</u>	
i	10,07,52,465	8,78,31,557
ii	46,24,915	16,80,662
	10,53,77,380	8,95,12,219
3.02	<u>Other Income:</u>	
i	2,18,646	7,14,893
ii	19,63,550	28,43,376
iii	15,158	800
iv	0	0
v	21,568	0
vi	51,377	50,727
	22,70,299	36,09,796

NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS

Note No	31-Mar-2015 Rs	31-Mar-2014 Rs
<u>Interest Receipts</u>		
Interest from Fixed Deposits	99,664	80,558
Interest from Loan Advanced to Subsidiary	1,18,982	6,34,335
	2,18,646	7,14,893
3.03 <u>Employee Benefits Expense</u>		
i Salary & Incentives	6,04,50,796	5,35,48,008
ii Director Remuneration	33,00,000	33,00,000
iii Staff Welfare	28,80,699	25,50,145
iv Contribution to PF & ESI	32,12,491	22,88,808
v Retirement Benefits	3,55,288	8,33,133
	7,01,99,274	6,25,20,094
3.04 <u>Operating & Other Expense</u>		
i Rent	19,08,953	19,41,450
ii Professional Charges	22,09,915	24,66,310
iii Power & Fuel	17,90,414	18,60,605
iv Communication Expenses	15,62,816	13,71,837
v HRD Expenses	5,47,620	5,49,213
vi Traveling Expenses	22,55,675	22,25,790
vii Taxes & Licences	6,01,833	3,59,983
viii Building Repairs	3,18,028	2,34,838
ix Vehicle Repairs	2,84,382	3,17,473
x General Repairs	7,94,980	8,87,636
xi Provision for Doubtful Debts	43,98,574	22,65,279
xii Audit Fees	2,52,810	1,50,000
xiii Other Fees paid to Auditors	40,000	1,06,462
xiv Share Demat Expenses	1,40,451	1,28,938
xv Bank Charges	4,53,441	5,71,322
xvi Business Promotion & Marketing Expenses	63,777	2,73,895
xvii Printing & Stationery	2,34,050	1,90,915
xviii Legal & Consultancy	4,66,809	4,13,912
xix STPI Service Charges	1,85,394	3,11,799
xx Donation	55,000	1,600
xxi Loss on Sale of Assets	0	12,145
xxii Sitting Fees	1,40,454	84,270
xxiii Listing Fees / Filing Fees	1,16,360	36,590
xxiv Other Administrative Expenses	2,88,171	3,03,666
	1,91,09,907	1,70,65,928
3.05 <u>Finance Cost</u>		
i Interest paid to Bank - Cash Credit	1,38,080	1,90,582
ii Interest paid to Bank - Term Loan	1,37,601	2,14,253
iii Interest paid on Fixed Deposits	2,09,657	3,69,256
iv Interest paid on Vehicle Loans - Other Than Banks	85,807	74,079
	5,71,145	8,48,170
4.01 i) Pursuant to the enactment of the Companies Act, 2013 (the 'Act'), the Company has, with effect from 1st April, 2014, reviewed and revised the estimated useful lives of its fixed assets, in accordance with the provisions of Schedule II of the Act and depreciation is now provided based on the remaining useful life of the asset. As a result of these changes, the depreciation charge for the year ended 31-March 2015 is higher by Rs.16.62 lakhs with a corresponding decrease in the profit for the year.		
ii) Pro rata depreciation has been charged on additions during the year.		
iii) During the year assets which were determined to be impaired to the extent of Rs.96.35 lacs have been reduced from the cost of assets and depreciation.		

NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS

Note No	31-Mar-2015 Rs	31-Mar-2014 Rs	
4.02	Quantitative details are not furnished as the company is engaged in the development of computer software, providing services in IT and ITES.		
4.03			
i	<u>Earnings in foreign currency</u>		
a	10,53,77,379	8,95,12,219	
b	1,18,982	6,34,335	
	10,54,96,361	9,01,46,554	
ii	<u>Expenditure in foreign currency</u>		
a	2,30,060	3,41,522	
b	3,18,796	3,76,191	
	5,48,856	7,17,713	
4.04	Income tax assessments have been completed upto Asst Year 2012-2013		
4.05	<u>Basic and Diluted Earnings Per share of Rs.10 each</u>		
	Total Equity Shares outstanding at the end of the year (in Nos)	50,46,740	
	Net Profit / (Loss) After Tax	93,89,753	
	Earnings per Share - Basic & Diluted	1.86	
		1.29	
4.06	<u>Remuneration Paid to Directors</u>		
i	G.Suresh	30,00,000	
ii	C.Ganapathy	3,00,000	
	33,00,000	33,00,000	
a	Mr.C.Ganapathy, Exectuive Chairman and Mr.G.Suresh, Managing Director have been paid the minimum remuneration.		
b	Mr.C.Ganapathy, Exectuive Chairman and Mr.G.Suresh, Managing Director have waived the commission due to them at 1% on Net Profits.		
4.07	<u>Auditors Remuneration</u>		
i	Audit Fees	1,50,000	
ii	Tax Audit Fees	75,000	
iii	Certification Fees	0	
iv	Income Tax Representation Fees	28,250	
v	Service Tax	40,000	
	27,810	28,212	
	2,92,810	2,56,462	
4.08	<u>Segmental Analysis for the Year Ended 31st March 2015 - Geographical Segment</u>		
Sl.No.	Particulars	31-Mar-2015	31- Mar-2014
i	Segment Revenue		
a	North America	9,02,45,869	7,14,53,728
b	Rest of the World	1,51,31,510	1,80,58,490
c	Less: Inter Segment Revenue	0	0
	Net Sales / Income from Operations	10,53,77,379	8,95,12,218
ii	Segment Result (Profit before Tax & Interest from each segment)		
a	North America	87,67,722	38,57,640
b	Rest of the World	18,67,626	11,59,468
	Total	1,06,35,348	50,17,108

NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS

Note No		31-Mar-2015 Rs	31-Mar-2014 Rs
SL.No.	Particulars	31-Mar-2015	31-Mar-2014
	c Less: Interest	5,71,145	8,48,170
	d Less: Other un-allocable expenditure	0	0
	e Add: Other un-allocable income	22,70,299	36,09,796
	Profit before Tax & Extraordinary Items	1,23,34,502	77,78,734
iii	Capital Employed		
	a North America	7,48,09,134	6,74,93,412
	b Rest of the World	67,89,833	80,64,132
	Total	8,15,98,967	7,55,57,544

Note: Segmentwise results are furnished on geographical basis as the company has only one reportable material primary segment.

4.09 Disclosure in respect of related parties pursuant to Accounting Standard 18

- i **List of related parties over whom control exists**
- | | | |
|---|---------------------------------------|--|
| a | Wholly owned subsidiary | CG-VAK Software USA Inc., |
| b | Key Managerial Personnel (KMP) | Mr.G.Suresh, Managing Director
Mr.C.Ganapathy, Executive Chairman |
| c | Relatives of Key Managerial Personnel | Mrs.G.Saraswathy
Mrs.S.Latha
Mrs.S.Sruthi
Mr.S.Gowtham |
- ii During the year the following transactions were carried out with related parties in the normal course of business:-
- | | Subsidiary | KMP | Relatives of KMP |
|---|---|--------------------|--------------------|
| a Interest Receipts | 1,18,982 | | |
| b Salary | | 33,00,000 | |
| c Rent | | | 17,56,920 |
| d Interest paid on fixed deposits | | | 63,444 |
| e Loan repaid back | 21,36,720 | | |
| f Fixed Deposits repaid during the year | | | 8,95,000 |
| g Income for Services rendered | 34,93,510 | | |
| | | 31-Mar-2015 | 31-Mar-2014 |
| iii | Amount due to related parties | 3,74,891 | 25,33,298 |
| iv | Amount due from related parties | | |
| a | Wholly owned Subsidiary - Loan | 0 | 21,36,720 |
| b | Wholly owned Subsidiary - Trade receivable | 18,85,420 | 0 |
| v | The Managing Director & Executive Chairman have given their personal guarantee for the Term loan and cash credit facilities availed from State Bank of India. | | |

NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS

Note No	31-Mar-2015 Rs	31-Mar-2014 Rs
4.10		
Disclosure under Accounting Standard 15 on Employee Benefits		
Disclosures in respect of Defined benefit obligations in respect of gratuity pursuant to Accounting Standard 15:		
The amounts recognized in the balance sheet are as follows		
Present value of obligation	27,82,352	25,87,432
Fair value of plan assets	5,02,819	Nil
Net Asset / (liability) recognised in the Balance sheet	(22,79,533)	Nil
<u>The amount recognised in the statement of profit and loss are as follows:</u>		
Current service cost	6,37,207	6,12,699
Interest on obligation	1,95,565	1,42,822
Expected return on plan assets	(40,644)	Nil
Net actuarial losses(gains) recognized in year	(6,00,027)	82,161
Total included in Labour cost	1,92,101	8,37,682
<u>Changes in the present value of the defined benefit obligation representing reconciliation of opening and closing balance thereof are as follows :</u>		
Opening defined benefit obligation	25,87,432	18,20,803
Prior period adjustment	Nil	Nil
Service cost	6,37,207	6,12,699
Interest cost	1,95,565	1,42,822
Actuarial (gains)Losses	(4,77,484)	82,161
Benefits paid	(1,60,368)	(71,053)
Closing defined benefit obligation	27,82,352	25,87,432
<u>Changes in the fair value of plan assets representing reconciliation of the opening and closing balance thereof are as follows:</u>		
Opening fair value of plan assets	Nil	Nil
Expected return	40,644	Nil
Actuarial gains and (losses)	1,22,543	Nil
Contribution by employer	5,00,000	71,053
Assets acquired in an amalgamation in the nature of purchase	Nil	Nil
Exchange differences on foreign plans	Nil	Nil
Benefits paid	(1,60,368)	(71,053)
Closing fair value of plan assets	5,02,819	Nil
<u>Balance sheet Reconciliation</u>		
Opening Net Liability	25,87,432	18,20,803
Expenses Recognised in Profit and Loss Account	1,92,101	8,37,682
Contribution made	(5,00,000)	(71,053)
Closing unfunded status (Surplus-Grouped under prepaid expenses)	22,79,533	25,87,432
Principal actuarial assumptions at the balance sheet date (expressed as weighted average)		
Discount rate current	7.8%	8.9%
Expected return per annum on plan assets	8%	—
Salary Escalation per annum	6%	6%
Attrition rate	20%	15%
The estimates of future salary increases, considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.		

NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS

Note No	31-Mar-2015 Rs	31-Mar-2014 Rs
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- 4.11** Disclosure regarding clause 32 of the listing agreement
Wholly owned Subsidiary - CGVAK Software USA Inc

	Maximum amount due 31-03-2015		
Loan	0	0	21,36,720
Loan 31/03/2014	<i>53,10,994</i>		
Advance	0	0	0
Advance 31/03/2014	<i>19,39,998</i>		

Previous Year figures are in italics

- 4.12** Details of Derivative Instruments and Unhedged Foreign Currency Exposure
i Derivatives Outstanding as at the Balance Sheet Date

	As at 31.03.2015	As at 31.03.2014
Forward Contract to Buy		
Amount in USD	9,50,000	2,50,000
Amount in INR	6,19,55,301	1,61,31,813
Number of contracts	20	10

- ii Particulars of Unhedged Foreign Currency Exposure as at the balance sheet date

Particulars	Currency	As at 31.03.2015		As at 31.03.2014	
		In USD	In INR	In USD	In INR
Trade Receivables	USD	4,75,519	2,94,82,166	3,33,085	2,02,34,933
Other Currencies	-	-	29,37,252	-	41,10,525
Total			3,24,19,418		2,43,45,458

- 4.13** No provision has been made on a Claim for gratuity amounting to Rs.2,88,461 preferred by a former Managing Director of the company filed before the Asst Commissioner of labour. This petition was dismissed in favour of the company vide order of the Asst Commissioner dated 7th November 2012. The Complainant has preferred an appeal against the order of the Asst Commissioner and the Appeal is pending.
- 4.14** No provision has been made on a claim for gratuity amounting to Rs.8,82,000 preferred by a former director of the company filed before the Asst Commissioner of labour. The company has disputed the claim and the case is pending.
- 4.15** No provision has been made on a claim for gratuity amounting to Rs.7,05,000 preferred by a former employee of the company before the Asst Commissioner of Labour. The Company has disputed the claim and the case is pending.
- 4.16** No provision has been made on a claim for non-payment of fixed deposit amounting to Rs.10,55,691 by 6 complainants before the High Court, the company has disputed the claim and the case is pending
- 4.17** The accounts of the wholly owned subsidiary - CGVAK Software USA Inc are compiled by a CPA in accordance with the generally accepted accounting principles prevalent in the United States of America. The audit of the subsidiary is not mandated as per the prevailing rules and regulations in United States of America. The consolidated financial statements have been prepared based on this compiled financials.

NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS**Note No**

- 4.18** Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21. The subsidiary considered in the consolidated financial statement is the wholly owned subsidiary CGVAK Software USA Inc
- 4.19** The Company had advanced a foreign currency loan to its wholly owned subsidiary which as of 31st March 2015 stands fully paid. Rs.21,36,720 has been repaid during the year towards principal and Rs.1,18,982 has been received during the year towards interest on the same.
- 4.20** The Public Deposits held by the Company as at 31st March 2014 stood at Rs.26,03,300. No deposit has been accepted during the year. The entire deposits have since been repaid as at 31st March 2015 and the closing balance is Rs. Nil.
- 4.21** Taxes & licences include Rs.3 lacs being the penalty imposed by the Adjudicating officer in response to the Show Cause notice issued against the company by SEBI and the same being confirmed by SEBI SAT, the company has since remitted the same.
- 4.22** There are no amounts due to Small and Medium Enterprises due for more than 30 days as identified by the company.
- 4.23** Previous year figures have been regrouped/reclassified wherever found necessary.
- 4.24** Figures have been rounded off to the nearest rupee.

As per Report of even date

For S Lakshminarayanan Associates

Chartered Accountants
S Lakshminarayanan
Partner (M.No.012024)
Firm Regn No.006609S

Place : Coimbatore
Date : 29th May, 2015

For and on Behalf of the Board of Directors

G.Suresh
Managing Director

S.Muthukumar
Director

C.Ganapathy
Executive Chairman

P.S. Subramanian
Chief Financial Officer

Shainshad Aduvanni
Company Secretary

**Independent Auditor's Report
To the Board of Directors of CG-VAK Software And Exports Limited**

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of CG-VAK SOFTWARE AND EXPORTS LIMITED (" hereinafter referred to as the Holding company") and its subsidiary CGVAK SOFTWARE USA Inc., (the holding company and its subsidiary company collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31 March 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of 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 and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in "The Group" are responsible for the 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 control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 Holding company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on 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 financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and 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 financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Holding Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

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 accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2015 and their consolidated Profits and their consolidated cash flows for the year ended on that date.

Emphasis of Matters

We draw attention to the following matter in the Notes forming part of the financial statements:-

- (a) Note Nos.4.11, 4.12, 4.13 to the consolidated financial statements regarding Non Provision of gratuity which describes the uncertainty relating to the outcome of the law suits filed against the company by a former director and his relatives.

- (b) Note No.4.14 to the financial statement regarding the claim on non-payment of fixed deposit by the company before the Madras High Court which describes the uncertainty relating to the outcome of the law suits filed against the company by a former director and his relatives.

Our opinion is not modified in respect of these matters.**Other Matter**

- (a) We did not audit the financial statement of the wholly owned Subsidiary CG-VAK Software USA Inc.,. We have relied on the unaudited financial statement of the said subsidiary whose financial statements reflect total assets of Rs.1239.35 lacs as at 31st March 2015 and total revenues of Rs.2853.66 lacs and net cash flows amounting to Rs.162.73 lacs for the year ended on that date. These Financial Statement have been approved by the Board of Directors of the subsidiary company, certified by the Management, compiled by other Auditors whose reports have been furnished to us and our report so far as it relates to the amounts included in respect of this subsidiary is based solely on such approved unaudited financial statements.

Our opinion is not modified in respect of these matters.

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order 2015 ("the Order), issued by the Central Government of India in terms of section 143(11) of the Act, based on the comments in the auditors' report of the Holding Company, subsidiary company, we give in the Annexure a Statement on the matters specified in paragraphs 3 and 4 of the order.
2. As required by Section 143(3) of the Act, 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 purpose of our audit of the aforesaid consolidated financial statements;
 - b) In our opinion, proper books of account as required by law relating to the preparation of the aforesaid consolidated financial statements have been kept by the Company so far as it appears from our examination of those books and reports of the other auditors.
 - c) The Consolidated Balance Sheet, Consolidated Statement of Profit & Loss Account, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the Books of Account;
 - d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of written representation received from the Directors of the Holding company as of 31st March, 2015 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act and in respect of the wholly owned subsidiary company incorporated outside India, the provisions of Section 164(2) are not applicable.
 - f) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 vide Note No.4.11, 4.12, 4.13 and 4.14.
 - ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S. Lakshminarayanan Associates**

Chartered Accountants
S. Lakshminarayanan
Partner

M.No.012024
Firm Regn.No.006609S

Place : Coimbatore
Date: 29th May, 2015

Annexure to the Independent Auditors' Report:

The Annexure referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of the Group on the Consolidated Financial Statements for the year ended 31st March 2015, We report that

- i) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
 - (b) The Fixed assets of the Company have been physically verified by the Management during the year in accordance with the regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- ii) In respect of its inventories: The Company does not hold any inventory.
- iii) The Company has not granted any loan secured or unsecured to companies, firms or other parties 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, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets and the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in such internal control system.
- v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.
- vi) The Central Government has not prescribed the maintenance of Cost Records u/s 148(1) of the Act for any of the services rendered by the company.
- vii) According to the information and explanations given to us on the basis of our examination of the records of the company in respect of Statutory dues
 - (a) The company has been regular in depositing undisputed statutory dues including Provident fund, Employees State Insurance, Income Tax, Sales tax, wealth tax, service tax, customs duty, excise duty, VAT, cess and other Material Statutory dues with the appropriate authorities.
 - (b) No undisputed amounts payable in respect of income tax and other material statutory dues were in arrears as at 31st march 2015 for a period of more than 6 months from the date they became payable.
 - (c) There are no pending amounts required to be transferred to Investor Education and Protection Fund.
- viii) The Group has no accumulated losses at the end of the Financial Year. The Group has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- ix) In our opinion and according to the information and explanations given to us, the Group has not defaulted in repayment of dues to any bank / financial institution.
- x) In our Opinion according to the information and the explanations given to us, the Group has not given any guarantee for loans taken by others from banks or financial institutions.
- xi) In our opinion and according to the information and explanations given to us, the Group has applied the term loans availed during the year for the purpose for which the loans were obtained.
- xii) According to the information and explanations given to us, no fraud on or by the Group has been noticed or reported during the year that causes the financial statements to be materially misstated.

For **S. Lakshminarayanan Associates**

Chartered Accountants

S. Lakshminarayanan

Partner

M.No.012024

Firm Regn.No.006609S

Place : Coimbatore
Date: 29th May, 2015

BALANCE SHEET AS AT 31ST MARCH 2015 (CONSOLIDATED)

	Note No	31-Mar-2015 Rs	31-Mar-2014 Rs
I Equity & Liabilities			
1 Shareholders' Funds:			
a Share Capital	2.01	5,05,33,700	5,05,33,700
b Reserves & Surplus	2.02	8,99,72,036	7,58,06,754
		14,05,05,736	12,63,40,454
2 Non-Current Liabilities:			
a Long Term Borrowings	2.03	7,33,584	19,71,462
b Other Long Term Liabilities		11,16,511	2,94,119
		18,50,095	22,65,581
3 Current Liabilities:			
a Trade Payables		2,06,42,138	1,71,91,329
b Other Current Liabilities	2.04	1,80,23,615	2,13,83,060
c Short Term Provisions	2.05	91,67,958	74,14,017
		4,78,33,711	4,59,88,406
		19,01,89,542	17,45,94,441
II Assets:			
1 Non-Current Assets:			
a Fixed Assets	2.06		
- Tangible Assets		1,55,81,669	1,62,44,168
- Intangible Assets		27,59,508	32,53,796
		1,83,41,177	1,94,97,964
b Non-Current Investments	2.07	34,04,935	1,600
c Deferred Tax Asset (net)	2.08	49,06,687	41,58,193
d Long Term Advances	2.09	20,51,542	21,43,736
2 Current Assets:			
a Trade Receivables	2.10	10,89,80,015	10,85,23,139
b Cash & Cash Equivalents	2.11	4,22,64,560	2,87,80,415
c Short Term Loans & Advances	2.12	1,02,09,693	1,14,14,279
d Other Current Assets		30,933	75,115
		16,14,85,201	14,87,92,948
		19,01,89,542	17,45,94,441

Significant Accounting Policies & Notes form an Integral part of the financial Statements

As per Report of even date

For and on Behalf of the Board of Directors

For S Lakshminarayanan Associates
Chartered Accountants
S Lakshminarayanan
Partner (M.No.012024)
Firm Regn No.006609S

G.Suresh
Managing Director

S.Muthukumar
Director

C.Ganapathy
Executive Chairman

P.S. Subramanian
Chief Financial Officer

Place : Coimbatore
Date : 29th May, 2015

Shainshad Aduvanni
Company Secretary

**STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2015
(CONSOLIDATED)**

	Note No	31-Mar-2015 Rs	31-Mar-2014 Rs
I	Income:		
a	Revenue from Operations	39,06,16,386	31,52,92,951
b	Other Income	22,78,271	29,78,772
		39,28,94,657	31,82,71,723
II	Expenditure:		
a	Employee Benefit Expenses	21,34,78,728	20,58,25,777
b	Operating & Other Expenses	14,88,11,461	9,22,61,358
c	Finance Cost	5,87,353	8,01,410
d	Depreciation & Amortization	54,32,850	49,09,088
		36,83,10,392	30,37,97,633
III	Profit/(Loss) Before Taxes	2,45,84,265	1,44,74,090
IV	Tax Expense		
a	Current Tax	74,22,362	
	Less: MAT Credit Entitlement	(13,06,756)	
b	Deferred Tax	61,15,606	31,32,577
		(7,48,494)	(2,09,475)
		53,67,112	29,23,102
V	Profit/(Loss) for the year	1,92,17,153	1,15,50,988
VI	Earnings Per Share	3.81	2.29

Significant Accounting Policies & Notes form an Integral part of the financial Statements

As per Report of even date

For S Lakshminarayanan Associates
Chartered Accountants
S Lakshminarayanan
Partner (M.No.012024)
Firm Regn No.006609S

Place : Coimbatore
Date : 29th May, 2015

For and on Behalf of the Board of Directors

G.Suresh
Managing Director

S.Muthukumar
Director

C.Ganapathy
Executive Chairman

P.S. Subramanian
Chief Financial Officer

Shainshad Aduvanni
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015 (CONSOLIDATED)

	31-Mar-2015 Rs	31-Mar-2014 Rs
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) Before Tax and Extra-Ordinary Items	2,45,84,265	1,44,74,090
<u>Adjustments for</u>		
Foreign Currency Translation	17,89,970	90,23,148
Depreciation & Amortization	54,32,850	49,09,088
(Profit) / Loss on sale of Assets	(21,568)	12,145
Provision for Bad Debts	43,98,574	22,65,279
Unrealised Foreign Exchange gain on cash and cash equivalents	(6,849)	(1,838)
Interest Receipts	(99,664)	(83,868)
Finance Cost	5,87,353	8,01,410
Operating Profit/ (Loss) Before Working Capital Changes	3,66,64,931	3,13,99,454
<u>Adjustments for</u>		
(Increase) / Decrease in Trade Receivable	(83,48,960)	(2,47,22,815)
(Increase) / Decrease in Other Current Assets	13,42,800	43,49,155
Increase / (Decrease) in Trade Payables & Others	7,50,877	1,42,04,922
Changes in Working Capital	(62,55,283)	(61,68,738)
Cash Generated From Operations	3,04,09,648	2,52,30,716
Direct Taxes Paid	(36,09,183)	(44,55,635)
Net Cash Generated From Operating activities	2,68,00,465	2,07,75,081
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(44,52,066)	(20,46,463)
Purchase of Investments	(34,03,335)	0
Interest Receipts	99,664	83,868
Sale of Fixed Assets	1,97,571	67,619
Net Cash Used From Investing activities	(75,58,166)	(18,94,976)
C CASH FROM FINANCING ACTIVITIES		
Increase / (Decrease) in Secured Long Term Borrowing	(6,07,704)	(5,90,569)
Increase / (Decrease) in Unsecured Long Term Borrowing	(15,29,002)	(22,29,689)
Increase / (Decrease) in Working Capital Borrowing	0	0
Dividend Paid	(25,27,050)	(25,23,370)
Corporate Dividend Distribution Taxes paid	(4,29,472)	(4,28,847)
Increase / Decrease in Bank Balances not considered as cash & cash equivalents	7,61,411	(10,55,940)
Finance Cost	(6,69,937)	(8,28,142)
Net Cash Used From Financing activities	(50,01,754)	(76,56,557)
Net Increase/(Decrease) in Cash & Cash Equivalents	1,42,40,545	1,12,23,548
Add: Opening Balance of Cash & Cash Equivalents	2,71,41,377	1,59,17,829
Closing Balance of Cash & Cash Equivalents	4,13,81,922	2,71,41,377

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015 (CONSOLIDATED)

	31-Mar-2015 Rs	31-Mar-2014 Rs
<u>Reconciliation of Cash and Cash Equivalents with the Balance Sheet</u>		
Cash and Cash Equivalents as per Note No.2.11	4,22,64,560	2,87,80,415
Less :Bank Balances not considered as Cash and Cash equivalents		
- Deposits maturing beyond 3 months	8,15,700	12,82,319
- Deposits under lien	60,089	3,54,881
	4,13,88,771	2,71,43,215
Unrealised Foreign Exchange Gain/Loss - Cash & Cash Equivalents	(6,849)	(1,838)
Net Cash and Cash Equivalents at the end of the year	4,13,81,922	2,71,41,377

Notes

- 1 Cash Flow Statement prepared under Indirect Method as set out in Accounting Standard -3 (AS -3)
- 2 Figures in brackets indicate cash outflow
- 3 Previous year figures have been regrouped and re classified wherever necessary to confirm to current year's presentation.

As per Report of even date

For S Lakshminarayanan Associates
Chartered Accountants
S Lakshminarayanan
Partner (M.No.012024)
Firm Regn No.006609S

Place : Coimbatore
Date : 29th May, 2015

For and on Behalf of the Board of Directors

G.Suresh
Managing Director

S.Muthukumar
Director

C.Ganapathy
Executive Chairman

P.S. Subramanian
Chief Financial Officer

Shainshad Aduvanni
Company Secretary

NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS (CONSOLIDATED)
Note No.

- 1.00 Principles of Consolidation**
- i The consolidation statements relate to CGVAK Software and Exports Limited and its wholly owned Subsidiary CGVAK Software USA Inc. The consolidated financial statements have been prepared on the following basis
- a The financial statements of the company and its wholly owned subsidiary are combined on a line by line basis by adding together book value of like items like assets, liabilities, income and expenses, after fully eliminating inter group balances and inter group transactions in accordance with the Accounting Standard AS 21 on Consolidated Financial Statements
- b As far as possible, consolidated financial statements are prepared using uniform accounting policies for like transactions and are presented in the same manner as the company's separate financial statements except specifically if any mentioned in the notes forming part of accounts
- c The financial statements of the subsidiary company forming part of the consolidation are drawn up to the same reporting date as that of the company.
- ii **Basis of Preparation of financial Statements**
The financial statements have been prepared to comply with Accounting Principles generally accepted in India, the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules 2014 and the relevant provisions of the Companies Act, 2013
The financial statements have been prepared on accrual basis under historical cost convention and are consistent with those followed in previous year except for the change in accounting policy on depreciation as more fully described in Note 4.01 of the Notes annexed to and forming part of accounts
- iii **Fixed Assets:**
- a **Tangible Assets**
Fixed assets are stated at cost less accumulated depreciation and impairment loss, if any. The carrying amount of assets are reviewed at each balance sheet date if there is an indication of impairment based on internal/external factors. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The reduction is treated as impairment loss and recognised in the statement of Profit & Loss account.
- b **Intangible Assets**
Intangible assets are stated at cost less accumulated amortization. The costs consists of purchase cost and any other cost directly attributable to bringing the assets to its working condition for its intended use. Subsequent expenditure incurred in relation to an item of intangible asset are added to its book value only if they increase the future benefits from the existing asset beyond the previously assessed standard of performance.
- iv **Investments:**
Investments held are all long term based on Management's intention at the time of purchase. Cost of overseas investments comprise of Indian rupee value of consideration paid for the investment translated at the exchange rate prevailing at the date of investment.
- v **Foreign Currency Transaction:**
- a Foreign currency denominated monetary assets are translated at the exchange rates prevailing on the date of the balance sheet.
- b Monetary items denominated in foreign currency at the year ended are restated at year end rates.
- c Non Monetary foreign currency items are stated at cost.
- d Items of revenue and expenditure are translated at the rates prevailing on the date of the transaction.
The resultant differences are recognised in the Statement of Profit & Loss account.
- vi **Revenue recognition:**
- a Revenue from contracts priced on time are recognised when the services are rendered and related costs are incurred.
- b Interest receipts are recognised on time proportion basis taking into account the amount outstanding and rate applicable.
- c Dividend is recognised when the right to receive payment is established.
- vii **Depreciation:**
Depreciation has been provided on straight line method. Pro rata depreciation has been charged on additions during the year.
- viii **Taxation**
- a Current Tax expense comprise of tax on income from indian and overseas operations. Income tax payable is determined as per the provisions of the Indian Income tax Act, 1961.
- b Deferred Tax expense is recognised on timing difference being the difference between taxable and accounting income that originate in one period to be reversed in one or more subsequent periods.
Deferred tax liability or asset are determined at the rates prevailing at the balance sheet date.
- ix **Employee benefits**
- a **Provident fund**
Provident fund contributions are as per the rates prescribed by the Employees Provident fund act and the same is charged to the profit & loss account
- b **Gratuity**
The expenditure is recognised based on present value of obligation as determined in accordance with AS 15 on Employee benefits as per Note No.4.10 regarding disclosure on the requirements of AS 15.

NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS (CONSOLIDATED)

Note No.	31-Mar-2015 Rs	31-Mar-2014 Rs																				
c	<p>Other short term employee benefits The amount of short term employee benefits expected to be paid in exchange of services rendered by the employee is recognised during the period in which the service is rendered. The benefits include performance incentive.</p>																					
x	<p>Segment Reporting The Company's main business is providing of software services. There are no separate reportable segments as per Accounting Standard 17 (AS 17). Secondary segmental reporting is based on geographical location of customer and assets.</p>																					
xi	<p>Derivative Instruments and hedge accounting Forwarding Exchange Contracts entered into hedging foreign currency risk of an existing asset or liability. The premium or discount arising at the inception of forward exchange contract is amortized and recognized as an expense/income over the life of the contract. Exchange difference on such contract, except the contracts which are long term foreign currency monetary item, are recognized in the statement of profit & loss in the period in which the exchange rate change. Any Profit or Loss arising on cancellation or renewal of such forward exchange contract is also recognised as income or as expense for the period.</p>																					
2.01	<p>Share Capital:</p>																					
i	<p>Authorised Capital:</p>																					
a	70,00,000 Equity Shares of Rs.10 each	7,00,00,000																				
ii	<p>Issued, Subscribed & Paid-Up Capital:</p>																					
a	50,60,000 Equity Shares of Rs.10 each	5,06,00,000																				
b	Less: Calls in Arrears (Due from Directors - Nil)	66,300																				
	5,05,33,700	5,05,33,700																				
iii	<p>Reconciliation of number of Equity shares:-</p>																					
a	Shares outstanding as at 1st April 2014/ 1st April 2013	50,60,000																				
b	Changes during the year	0																				
c	Shares outstanding as at 31st March 2015/ 31st March 2014	50,60,000																				
iv	<p>List of shares held by shareholders holding more than 5% of the Aggregate shares in the company:-</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Name of the Shareholder</th> <th style="width: 10%;"></th> <th style="width: 20%;">Shares held</th> <th style="width: 20%;">Shares held</th> </tr> </thead> <tbody> <tr> <td>a Mr.G.Suresh</td> <td style="text-align: center;">Nos</td> <td style="text-align: right;">9,52,060</td> <td style="text-align: right;">9,36,753</td> </tr> <tr> <td>b Mr.K.V.Kamaraj</td> <td style="text-align: center;">Nos</td> <td style="text-align: right;">5,21,674</td> <td style="text-align: right;">5,21,674</td> </tr> <tr> <td>c Mr.C.Ganapathy</td> <td style="text-align: center;">Nos</td> <td style="text-align: right;">4,06,350</td> <td style="text-align: right;">4,06,350</td> </tr> <tr> <td>d Mrs.S.Latha</td> <td style="text-align: center;">Nos</td> <td style="text-align: right;">5,15,402</td> <td style="text-align: right;">3,55,686</td> </tr> </tbody> </table>		Name of the Shareholder		Shares held	Shares held	a Mr.G.Suresh	Nos	9,52,060	9,36,753	b Mr.K.V.Kamaraj	Nos	5,21,674	5,21,674	c Mr.C.Ganapathy	Nos	4,06,350	4,06,350	d Mrs.S.Latha	Nos	5,15,402	3,55,686
Name of the Shareholder		Shares held	Shares held																			
a Mr.G.Suresh	Nos	9,52,060	9,36,753																			
b Mr.K.V.Kamaraj	Nos	5,21,674	5,21,674																			
c Mr.C.Ganapathy	Nos	4,06,350	4,06,350																			
d Mrs.S.Latha	Nos	5,15,402	3,55,686																			
v	<p>The company has issued only one class of equity shares having a par value of Rs.10/share</p>																					
2.02	<p>Reserves & Surplus:</p>																					
i	<p>General Reserve</p>																					
a	General Reserve - opening balance	1,06,00,000																				
b	Add: Transfer During the year	2,81,693																				
c	General Reserve - Closing Balance	1,08,81,693																				
ii	<p>Translation Reserve</p>																					
a	Reserve on Consolidation - Opening	2,48,35,027																				
b	Add: Translation Reserve for the year	17,89,970																				
c	Reserve on Consolidation - Closing	2,66,24,997																				
iii	<p>Surplus in Profit & Loss Account</p>																					
a	Profit & Loss Account - Surplus - Opening Balance	4,03,71,727																				
b	Add/(Loss) : Profit / (Loss) for the Year	1,57,23,643																				
	5,60,95,370	4,36,28,249																				

NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS (CONSOLIDATED)

Note No.	31-Mar-2015 Rs	31-Mar-2014 Rs	
c	2,81,693	3,00,000	
d	3,06,732	0	
e	25,27,134	25,27,050	
f	5,14,465	4,29,472	
	36,30,024	32,56,522	
g	5,24,65,346	4,03,71,727	
	8,99,72,036	7,58,06,754	
2.03			
	Long Term Borrowings:-		
	Secured Loans:-		
i	0	5,65,962	
a		Hypothecation of assets acquired out of bank finance	
b		Personal Guarantee of The Managing Director & Executive Chairman	
c		Equitable mortgage over land and building as collateral	
d		Term loan sanctioned-Rs.30 laksh	
e		Interest paid @ 13.15% p.a.	
f		Total No of Instalments - 60; repayment commencing April 2012; pending instalments - 11	
g		There is no continuing default in respect of this loan	
	Unsecured Loans:-		
ii	0	14,05,500	
a		Fixed deposits are accepted maturity ranging between 1 and 3 years	
b		Interest paid @ 11% p.a.	
c		There are no continuing defaults in respect of fixed deposits	
iii		Vehicle Loans	
a	7,33,584	0	
	7,33,584	19,71,462	
	Vehicle Loans - Others		
	Pending EMI	Pending EMI	
	31-Mar-2015	31-Mar-2014	
a	28	0	
	7,33,584	0	
	7,33,584	0	
i		Interest paid at 10.49%	
ii		Current maturity of long term debt reported under current liabilities	
iii		There are no continuing defaults in respect of this loan	
	Details of Non Current & Current Borrowings		
	31-Mar-15	31-Mar-15	31-Mar-15
	Non Current	Current	Total
a	0	5,58,258	5,58,258
b	0	0	0
c	7,33,584	4,90,183	12,23,767
	7,33,584	10,48,441	17,82,025

NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS (CONSOLIDATED)

Note No.		31-Mar-2015 Rs	31-Mar-2014 Rs
		31-Mar-14 Non Current	31-Mar-14 Current Total
a	State Bank of India - Term Loan - III	5,65,962	6,00,000
b	Deposits from Public	14,05,500	11,97,800
c	Vehicle Loans	0	1,49,469
		19,71,462	19,47,269
2.04	Other Current Liabilities		
i	Secured Current Maturities of Long term Debt		
a	State Bank of India - Term Loan - III	5,58,258	6,00,000
ii	Unsecured Current Maturities of Long Term Debt:		
a	Deposits from Public	0	11,97,800
b	Vehicle Loans - Other than Bank	4,90,183	1,49,469
iii	Interest Accrued but not due on Fixed Deposits	0	82,584
iv	Other payables		
a	Salary Payable	1,03,43,282	1,21,61,207
b	Other payables	66,31,892	71,92,000
		1,80,23,615	2,13,83,060
2.05	Short Term Provisions		
i	Provision for Income Tax (net)	46,83,218	18,70,063
ii	Provision for Employee Benefits	14,43,141	25,87,432
iii	Proposed Dividend	25,27,134	25,27,050
iv	Provision for Tax on Dividend	5,14,465	4,29,472
		91,67,958	74,14,017

2.06 Fixed Assets (Consolidated)

Particulars	COST BLOCK				DEPRECIATION BLOCK				NET BLOCK	
	Cost As at 01- Apr- 14	Additons during the year	Sales/ Withdrawal	Cost as at 31- Mar- 15	upto 01- Apr- 14	Depreciation for the year	Sales/ Withdrawal	upto 31- Mar- 15	WDV 31- Mar- 15	WDV 31- Mar- 14
Tangible Assets										
Freehold Land	63,75,000	0	0	63,75,000	0	0	0	0	63,75,000	63,75,000
Building	46,60,178	1,19,420	0	47,79,598	13,85,547	11,05,975	0	24,91,522	22,88,076	32,74,631
Plant & Equipment	3,39,97,800	6,78,365	96,34,994	2,50,41,171	2,99,59,313	17,02,952	96,34,994	2,20,27,271	30,13,900	40,38,487
Vehicles	70,67,057	19,87,116	11,59,470	78,94,703	45,99,511	10,18,671	9,83,467	46,34,715	32,59,988	24,67,546
Furniture & Fittings	82,79,418	5,59,408	0	88,38,826	81,90,914	3,207	0	81,94,121	6,44,705	88,504
Sub Total - Tangible assets	6,03,79,453	33,44,309	1,07,94,464	5,29,29,298	4,41,35,285	38,30,805	1,06,18,461	3,73,47,629	1,55,81,669	1,62,44,168
Previous YE 31st March 2014	6,72,50,267	13,80,816	82,51,630	6,03,79,453	4,98,37,669	24,69,482	81,71,866	4,41,35,285	1,62,44,168	1,74,12,598
Intangible assets										
Computer Software	4,61,91,044	11,07,757	0	4,72,98,801	4,29,37,248	16,02,045	0	4,45,39,293	27,59,508	32,53,796
Sub Total-Intangible Assets	4,61,91,044	11,07,757	0	4,72,98,801	4,29,37,248	16,02,045	0	4,45,39,293	27,59,508	32,53,796
Previous YE 31st March 2014	4,55,25,397	6,65,647	0	4,61,91,044	4,04,97,642	24,39,606	0	4,29,37,248	32,53,796	50,27,755
Grand Total	10,65,70,498	44,52,066	1,07,94,464	10,02,28,099	8,70,72,533	54,32,850	1,06,18,461	8,18,86,922	1,83,41,177	1,94,97,964
Previous YE 31st March 2014	11,27,75,664	20,46,462	82,51,630	10,65,70,496	9,03,35,310	49,09,088	81,71,866	8,70,72,532	1,94,97,964	2,24,40,354

NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS (CONSOLIDATED)

Note No.	31-Mar-2015 Rs	31-Mar-2014 Rs
2.07	<u>Non-Current Investments: (Valued At Cost) - Other Investments</u>	
	<u>Investment in Equity Instruments:- (Fully paid - quoted)</u>	
i		
100 Equity Shares of Rs.10 each		
- Union Bank of India	1,600	1,600
ii		
3392.310 Units of Rs. 1000 each		
- SBI Premier Liquid Fund Regular Plan (Daily Dividend)	34,03,335	0
	34,04,935	1,600
Aggregate Cost of Quoted Investments	34,04,935	1,600
Face Value of Quoted Investments	33,93,310	1,000
Aggregate Market Value of Quoted Investments	34,19,005	13,750
2.08	<u>Deferred Tax Asset:-</u>	
Opening Balance	41,58,193	39,48,718
Add/(Less): Provision for the Year	7,48,494	2,09,475
	49,06,687	41,58,193
	<u>Deferred Tax Assets (net)</u>	
a		
Fixed Assets	16,15,986	8,69,857
b		
Employee Benefits	7,96,143	8,90,413
c		
Trade Receivable	24,94,558	23,97,923
	49,06,687	41,58,193
2.09	<u>Long Term Loans & Advances:- (Unsecured Considered Good)</u>	
i		
Other Long term Advances		
a - Related Party - Rent advance	11,00,000	11,00,000
ii		
Other Advances	3,34,490	92,000
iii		
MAT Credit entitlement	0	1,55,547
iv		
Deposits	6,17,052	7,96,189
	20,51,542	21,43,736
2.10	<u>Trade Receivables - Unsecured - considered good</u>	
i	<u>Considered Good</u>	
a		
Outstanding for a period for more than 6 months	92,46,336	7,89,05,019
b		
Other Debts	9,97,33,680	2,96,18,120
ii		
<u>Considered Doubtful</u>	80,73,005	77,60,270
Less: Provision for Doubtful Debts		
- Upto last year	77,60,270	(93,74,092)
- For the year	43,98,574	(22,65,280)
	1,21,58,844	
- Bad debts written off	40,85,838	
	(80,73,006)	38,79,102
	10,89,80,015	10,85,23,139
iii	<u>Provision for Doubtful Debts</u>	
	The Company evaluates all customer dues for collectability. The need for provisions is assessed based on various factors including collectability, present market indicators pertaining to the relevant country which could affect the ability to settle. Provisions are made for debtor dues exceeding one year or longer from the date of invoice as at the date of the balance sheet. The company pursues all recovery of dues irrespective of provisions made.	

NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS (CONSOLIDATED)

Note No.	31-Mar-2015 Rs	31-Mar-2014 Rs
2.11		
i	<u>Cash & Cash Equivalents</u>	
a	4,23,153	5,29,937
b	3,97,13,604	2,26,32,622
c	12,52,014	39,80,656
d	8,75,789	16,37,200
	4,22,64,560	2,87,80,415
	<u>Details of Balances with banks as on the date of the balance sheet are as follows:-</u>	
ii	<u>Current Accounts</u>	
a	0	8,463
b	46,536	3,22,773
c	60,617	60,003
d	24,663	0
e	0	38,650
f	1,557	14,648
g	20,61,070	10,23,823
h	3,75,19,161	2,11,64,262
	3,97,13,604	2,26,32,622
iii	<u>Balance with Cash Credit Account</u>	
	12,52,014	39,80,656
	State bank of India Cash Credit (Sanctioned Limit of Rs.1 Crore)	
a	Hypothication of entire stocks(Raw Materilas, Stock in process, Finished goods both present and future), receivables and other current assets of the unit.	
b	Personal Guarantee of The Managing Director & Executive Chairman	
c	Equitable mortgage over land and building as collateral	
d	There is no continuing default in respect of this loan	
iv	<u>Other Bank Balances - Deposit Accounts</u>	
a	0	2,94,792
b	8,75,789	13,42,408
	8,75,789	16,37,200
	<u>Deposit Accounts</u>	
a	60,089	3,54,881
b	8,15,700	12,82,319
	8,75,789	16,37,200
	<u>Deposit Accounts maturity beyond 1 year</u>	
a	8,15,700	14,85,001
b	60,089	1,52,199
	8,75,789	16,37,200
2.12	<u>Short Term Loans & Advances</u>	
	<u>Unsecured - Considered Good</u>	
i	8,19,910	26,761
ii	89,35,581	1,09,81,393
iii	4,54,202	4,06,125
	1,02,09,693	1,14,14,279

NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS (CONSOLIDATED)

Note No.	31-Mar-2015 Rs	31-Mar-2014 Rs
3.01	<u>Revenue from Operations</u>	
i	38,59,91,471	31,36,12,290
ii	46,24,915	16,80,661
	39,06,16,386	31,52,92,951
3.02	<u>Other Income:</u>	
i	99,664	83,869
ii	19,63,550	28,43,376
iii	15,158	800
iv	0	0
v	21,568	0
vi	1,78,331	50,727
	22,78,271	29,78,772
	<u>Interest Receipts</u>	
	99,664	86,869
3.03	<u>Employee Benefit Expense:</u>	
i	18,98,97,682	18,62,75,748
ii	33,00,000	33,00,000
iii	1,67,13,267	1,31,28,088
iv	32,12,491	22,88,808
v	3,55,288	8,33,133
	21,34,78,728	20,58,25,777
3.04	<u>Operating & Other Expense:</u>	
i	42,55,756	4,02,0921
ii	10,60,29,766	4,60,19,012
iii	17,90,414	18,60,605
iv	31,32,381	30,47,571
v	8,83,103	67,32,195
vi	64,05,078	69,15,251
vii	1,22,42,619	1,21,60,659
viii	11,53,640	16,38,479
ix	3,18,028	2,34,838
x	8,73,189	3,17,473
xi	43,98,574	22,65,279
xii	2,52,810	5,51,660
xiii	40,000	1,06,462
xiv	1,40,451	1,28,939
xv	5,28,772	6,32,944
xvi	24,22,289	24,34,265
xvii	2,93,059	2,00,974
xviii	4,79,085	7,88,030
xix	1,85,394	3,11,799
xx	55,000	15,945
xxi	0	12,145
xxii	1,40,454	84,270
xxiii	1,16,360	36,590
xxiv	26,75,239	17,45,052
	14,88,11,461	9,22,61,358

NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS (CONSOLIDATED)

Note No.		31-Mar-2015 Rs	31-Mar-2014 Rs
3.05	Finance Cost:		
	i Interest paid to Bank - Cash Credit	1,38,080	1,90,582
	ii Interest paid to Bank - Others	1,53,809	1,67,493
	iii Interest paid on Fixed Deposits	2,09,657	3,69,256
	iv Interest paid on Vehicle Loans - Other than Bank	85,807	74,079
		5,87,353	8,01,410
4.01	i) Pursuant to the enactment of the Companies Act, 2013 (the 'Act'), the Company has, with effect from 1st April, 2014, reviewed and revised the estimated useful lives of its fixed assets, in accordance with the provisions of Schedule II of the Act and depreciation is now provided based on the remaining useful life of the asset. As a result of these changes, the depreciation charge for the year ended 31-March 2015 is higher by Rs.16.62 lakhs with a corresponding decrease in the profit for the year.		
	ii) Pro rata depreciation has been charged on additions during the year.		
	iii) During the year assets which were determined to be impaired to the extent of Rs.96.35 lacs have been reduced from the cost of assets and depreciation.		
4.02	Quantitative details are not furnished as the company is engaged in the development of computer software, providing services in IT and ITES.		
4.03	Income tax assessments have been completed upto Asst Year 2012-2013.		
4.04	Basic and Diluted Earnings Per share of Rs.10 each		
	Total Equity Shares outstanding at the end of the year (in Nos)	50,46,740	50,46,740
	Net Profit / (Loss) After Tax	1,92,17,153	1,15,50,988
	Earnings per Share - Basic & Diluted	3.81	2.29
4.05	Remuneration Paid to Directors		
	i Mr.G.Suresh	30,00,000	30,00,000
	ii Mr.C.Ganapathy	3,00,000	3,00,000
		33,00,000	33,00,000
	a Mr.C.Ganapathy, Executive Chairman and Mr.G.Suresh, Managing Director have been paid the minimum remuneration.		
	b Mr.C.Ganapathy, Executive Chairman and Mr.G.Suresh, Managing Director have waived the commission due to them at 1% on Net Profits.		
4.06	Segment Analysis for the year ended 31st March 2015- Geographical Segment		
Sl.No.	Particulars	31-Mar-2015	31- Mar-2014
a	Segment Revenue		
	i North America	37,54,84,876	29,72,34,460
	ii Rest of the World	1,51,31,510	1,80,58,490
	iii Less: Inter Segment Revenue	0	0
	Net Sales / Income from Operations	39,06,16,386	31,52,92,950
b	Segment Result (Profit before Tax & Interest from each segment)		
	i North America	2,10,25,722	1,11,37,257
	ii Rest of the World	18,67,625	11,59,468
	Total	2,28,93,347	1,22,96,725
	iii Less: Interest	5,87,353	8,01,410
	iv Less: Other un-allocable expenditure	0	0
	v Add: Other un-allocable income	22,78,271	29,78,771
	Profit before Tax & Extraordinary Items	2,45,84,265	1,44,74,086
c	Capital Employed		
	i North America	13,37,15,903	11,82,76,321
	ii Rest of the World	67,89,833	80,64,133
	Total	14,05,05,736	12,63,40,454

Note: Segmentwise results are furnished on geographical basis as the company has only one reportable segment.

NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS (CONSOLIDATED)

Note No.	31-Mar-2015 Rs	31-Mar-2014 Rs
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4.07 Disclosure in respect of related parties pursuant to Accounting Standard 18
i List of related parties over whom control exists

a	Key Managerial Personnel (KMP)	Mr.G.Suresh, Managing Director Mr.C.Ganapathy, Executive Chairman
b	Relatives of Key Managerial Personnel	Mrs.G.Saraswathy Mrs.S.Latha Mrs.S.Sruthi Mr.S.Gowtham

ii During the year the following transactions were carried out with related parties in the normal course of business:-

	<u>KMP</u>	<u>Relatives of KMP</u>
a	Salary	
b	Rent	17,56,920
c	Interest paid on fixed deposits	63,444
d	Fixed Deposits accepted during the year	0
e	Fixed Deposits repaid during the year	8,95,000

	31-Mar-2015	31-Mar-2014
iii	Amount due to related parties	3,74,891
iv	The Managing Director & Executive Chairman have given their personal guarantee for the Term loan and cash credit facilities availed from State Bank of India	25,33,298

4.08 Details of Derivative Instruments and Unhedged Foreign Currency Exposure
i Derivatives Outstanding as at the Balance Sheet Date

	As at 31.03.2015	As at 31.03.2014
Forward Contract to Buy		
Amount in USD	9,50,000	2,50,000
Amount in INR	6,19,55,301	1,61,31,813
Number of contracts	20	10

ii Particulars of Unhedged Foreign Currency Exposure as at the balance sheet date

Particulars	Currency	As at 31.03.2015		As at 31.03.2014	
		In USD	In INR	In USD	In INR
Trade Receivables	USD	4,75,519	2,94,82,166	3,33,085	2,02,34,933
Other Currencies	-	-	29,37,252	-	41,10,525
Total			3,24,19,418		2,43,45,458

4.09 The unaudited financial statements of the wholly owned subsidiary have been prepared in accordance with the Generally accepted accounting principles of its country of incorporation. The differences in the policies of the company and its wholly owned subsidiary are not material.

NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS (CONSOLIDATED)
Note No.

4.10 The subsidiary company considered in the consolidated financial statements is

CG-VAK Software USA Inc	Country of Incorporation USA 31-Mar-2015	Proportion of Ownership 100% 31-Mar-2014
Exchange rate of USD Currency	62.00 USD	60.75 USD
Extent of Holdings in Subsidiary Company	100%	100%
No of Shares held - Equity Shares of USD 1000 each	750	750

- 4.11** No provision has been made on a Claim for gratuity amounting to Rs.2,88,461 preferred by a former Managing Director of the company filed before the Asst Commissioner of labour. This petition was dismissed in favour of the company vide order of the Asst Commissioner dated 7th November 2012. The complainant has preferred an appeal against the order of the Asst Commissioner and the Appeal is pending.
- 4.12** No provision has been made on a claim for gratuity amounting to Rs.8,82,000 preferred by a former director of the company filed before the Asst Commissioner of labour. The company has disputed the claim and the case is pending.
- 4.13** No provision has been made on a claim for gratuity amounting to Rs.7,05,000 preferred by a former Employee of the company before the Asst Commissioner of Labour. The Company has disputed the claim and the case is pending.
- 4.14** No provision has been made on a claim for non-payment of fixed deposit amounting to Rs.10,55,691 by 6 complainants before the High Court, the company has disputed the claim and the case is pending.
- 4.15** The Public Deposits held by the Company as at 31st March 2014 stood at Rs.26,03,300. No deposit has been accepted during the year. The entire deposits have since been repaid as at 31st March 2015 and the closing balance is Rs. Nil.
- 4.16** Taxes & licences include Rs.3 lacs being the penalty imposed by the Adjudicating officer in response to the Show Cause notice issued against the company by SEBI and the same being confirmed by SEBI SAT, the company has since remitted the same.
- 4.17** Previous year figures have been regrouped/reclassified wherever found necessary.
- 4.18** Figures have been rounded off to the nearest rupee.

As per Report of even date

For S Lakshminarayanan Associates
Chartered Accountants
S Lakshminarayanan
Partner (M.No.012024)
Firm Regn No.006609S

For and on Behalf of the Board of Directors

G.Suresh
Managing Director

S.Muthukumar
Director

C.Ganapathy
Executive Chairman

P.S. Subramanian
Chief Financial Officer

Place : Coimbatore
Date : 29th May, 2015

Shainshad Aduvanni
Company Secretary



CG-VAK SOFTWARE AND EXPORTS LIMITED

Regd. Office: 171, Mettupalayam Road, Coimbatore - 641043. Tel: 0422 - 2434491/92/93.
Website: www.cgvak.com, E-mail Id: investorservices@cgvak.com
CIN: L30009TZ1994PLC005568

ATTENDANCE SLIP - 20TH ANNUAL GENERAL MEETING

I / We hereby record my presence at the 20th Annual General Meeting of the Company at Ardra Hall, Kaanchan, 9, North Huzur Road, Coimbatore – 641 018 on Monday, the 28th day of September, 2015 at 4.30 p.m.

Name of the Shareholder / Proxy :(IN BLOCK LETTERS) Signature of Shareholder/Proxy

Folio No. No. of Shares

Client ID No.* DP ID No.

* (Applicable for shareholders holding shares in dematerialized form)

Note: You are requested to sign and hand this over at the entrance.



CG-VAK SOFTWARE AND EXPORTS LIMITED

Regd. Office: 171, Mettupalayam Road, Coimbatore - 641043. Tel: 0422 - 2434491 / 92 / 93.
Website: www.cgvak.com, E-mail Id: investorservices@cgvak.com
CIN: L30009TZ1994PLC005568

PROXY FORM - 20TH ANNUAL GENERAL MEETING

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

Name of Member(s) : Folio No. / Client ID No.

Registered Address :

E mail Id :

I/We, being the member(s) holding.....Equity shares of CG-VAK Software and Exports Ltd., hereby appoint:

1. Name : E mail Id :
Address :
Signature :

or failing him/her

2. Name : E mail Id :
Address :
Signature :

or failing him/her

3. Name : E mail Id :
Address :
Signature :

as my / our Proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 20th Annual General Meeting of the Company to be held on Monday, 28th September, 2015 at 4.30.p.m at Ardra Hall, Kaanchan, 9, North Huzur Road, Coimbatore – 641 018 and at any adjournment thereof in respect of resolutions as are indicated below:

I wish my above proxy to vote in the manner as indicated in the box below :

S. No.	Resolutions	For	Against
1.	To receive, consider and adopt the Standalone and Consolidated Audited Financial Statements of the Company for the year ended 31 st March, 2015 including audited Balance Sheet as at 31 st March, 2015 and the Statement of Profit and Loss for the year ended on that date and the reports of the Board of Directors (“the Board”) and Auditors thereon.		
2.	Declaration of Dividend.		
3.	Re-appointment of Mr.G.Suresh (DIN 00600906) as a Director of the Company.		
4.	Appointment of M/s. S.Lakshminarayanan Associates as Statutory Auditors.		

Signed this day of 2015

Signature of the Shareholder:

Signature of the Proxy holder(s):

Affix Revenue Stamp of Re.1

Note: This form in order to be effective should be duly completed and deposited at the Registered Office of the Company at 171, Mettupalayam Road, Coimbatore - 641043, not less than 48 hours before the commencement of the Meeting.



CG-VAK SOFTWARE AND EXPORTS LIMITED

Regd. Office: 171, Mettupalayam Road, Coimbatore - 641043. Tel: 0422 - 2434491/92/93.
 Website: www.cgvak.com, E-mail Id: investorservices@cgvak.com
 CIN: L30009TZ1994PLC005568

POSTAL BALLOT FORM (in lieu of E-Voting)

Sr.No.....

Name of Member(s)	:	
Registered Address	:	
E-mail Id	:	
Folio No. / Client ID No.	:	
Number of Shares	:	

I / We hereby exercise my / our vote(s) in respect of the following Resolutions to be passed through Postal Ballot / e-voting as set out in the Notice dated 29th May, 2015 of the Company by conveying sending my / our assent (for) or dissent (against) the said Resolutions by placing the tick mark (✓) at the appropriate box below:

Item No.	Description	Type of Resolution (Ordinary / Special)	No. of Shares	I/We assent to the Resolution (For)	I/We Dissent to the Resolution (Against)
1.	To receive, consider and adopt the Standalone and Consolidated Audited Financial Statements of the Company for the year ended 31 st March, 2015 including audited Balance Sheet as at 31 st March, 2015 and the Statement of Profit and Loss for the year ended on that date and the reports of the Board of Directors ("the Board") and Auditors thereon.				
2.	Declaration of Dividend.				
3.	Re-appointment of Mr.G.Suresh (DIN 00600906) as a Director of the Company.				
4.	Appointment of M/s. S.Lakshminarayanan Associates as Statutory Auditors.				

Place:

Date:

Signature of the member

Notes : (i) If you opt to cast your vote by e-voting, there is no need to fill up and sign this form.

: (ii) Last date for receipt of Postal Ballot Form: 27th September, 2015 not later than 5.00 P.M.

Please read the instructions printed overleaf carefully before exercising your vote.



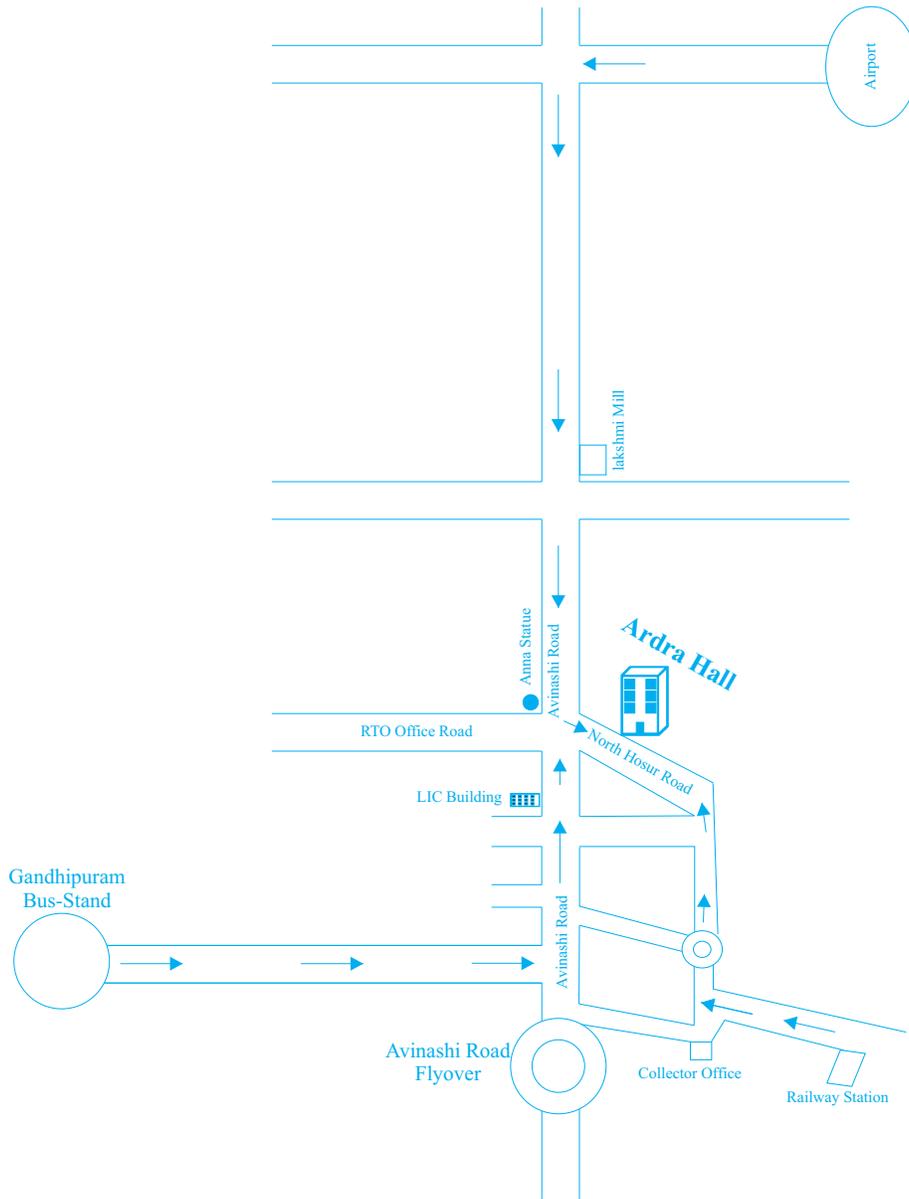
INSTRUCTIONS

1. General Instructions:

- a. There will be one Postal Ballot Form / e-voting for every Client ID No. / Folio No., irrespective of the number of joint holders.
- b. Members have option to vote either through Postal Ballot Form or through e-voting. If a member has opted for Physical Postal Ballot, then he / she should not vote by e-voting and vice versa. However, in case Shareholders cast their vote through both physical postal ballot and e-voting, then vote cast through e-voting shall prevail and vote cast through Physical Postal ballot shall be considered as invalid.
- c. Voting in the Postal ballot / e-voting cannot be exercised by a proxy. However, corporate and institutional members shall be entitled to vote through their authorized representatives with proof of their authorization, as stated below.
- d. Any query in relation to the Resolutions proposed to be passed by Postal Ballot may be addressed to Mr.Shainshad Aduvanni, Company Secretary, at the Registered Office of the Company.
- e. The Scrutinizer's decision on the validity of a Postal Ballot / E-voting shall be final and binding.

2. Instructions for voting physically by Postal Ballot Form:

- a. A member desirous of exercising his/ her Vote by Postal Ballot may complete this Postal Ballot Form and send it to the Scrutinizer, Mrs.Manimekala V Raj, Practicing Company Secretary (Membership No. F5163) C/o .CG-VAK Software and Exports Limited, 171, Mettupalayam Road, Coimbatore – 641 043.
- b. This Form must be completed and signed by the Member, as per specimen signature registered with the Company or Depository Participant, as the case may be. In case of joint holding, this Form must be completed and signed (as per the specimen signature registered with the Company) by the first named Member and in his/her absence, by the next named Member.
- c. In respect of shares held by corporate and institutional members (companies, trusts, societies, etc..) the completed Postal Ballot Form should be accompanied by a certified copy of the relevant Board Resolution / appropriate authorization, with the specimen signature(s) of the authorized signatory (ies) duly attested.
- d. Voting rights shall be reckoned in proportion to the paid-up equity shares registered in the name of the Member as on 21st September, 2015.
- e. The consent must be accorded by recording the assent in the column "FOR" or dissent in the column "AGAINST" by placing a tick (✓) mark in the appropriate column in the Postal Ballot Form. The assent or dissent received in any other form shall not be considered valid.
- f. Members are requested to fill the Postal Ballot Form in indelible ink and avoid filling it by using erasable writing medium(s) like pencil.
- g. Duly completed Postal Ballot Form should reach the Scrutinizer not later than 27th September, 2015 by 5.00 p.m. All Postal Ballot Forms received after this date will be strictly treated as if no reply has been received from the Member.
- h. A member may request the Company for a duplicate Postal Ballot Form, if so required, and the same duly completed should reach the Scrutinizer not later than the date specified under instruction No.2 (g) above.
- i. Members are requested not to send any other paper along with the Postal Ballot Form. They are also requested not to write anything in the Postal Ballot Form except giving their assent or dissent and putting their signature. If any such other paper is sent, the same will be destroyed by the Scrutinizer.
- j. Incomplete, unsigned or incorrectly ticked Postal Ballot Forms will be rejected.
- k. The results would be displayed on the Company's website www.cgvak.com, besides communicating to the Stock Exchange where the Company's shares are listed.



[Route Map to Ardra Hall](#)



171, Mettupalayam Road
Coimbatore - 641 043 India
Ph : 91-422 - 2434491 / 92 / 93
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