



23rd ANNUAL REPORT 2019-20



ACCOUNTANT'S COMPILATION REPORT

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BOARD OF DIRECTORS

Mr.G.Suresh, B.E., M.B.A. Director & President

Mr.C.Ganapathy, B.Sc., Agri. Director

REGISTERED OFFICE

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

CERTIFIED PUBLIC ACCOUNTANT

VVV CPA PC
200, Middlesex-Essex Turnpike, Suite 302
Iselin, NJ 08830-2033
Tel. : 732-283-4700
Fax : 732-283-4919

CG-VAK SOFTWARE USA INC.

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

DIRECTORS' REPORT

To

The Members of

CG-VAK SOFTWARE USA INC.,

Your Directors take great pleasure in presenting their 23rd Annual Report and Financial Statements of the Corporation for the period ended March 31, 2020.

Review of Business

During the year under review, your Company has achieved a turnover of \$2.32 million as against \$ 2.50 million in the previous year. The Company has achieved a net profit of \$ 0.015 million as against \$ 0.018 million in the previous year.

COVID-19

CG-VAK ensured the safety and security of all its employees by enabling them to work from home and thereby continued its services to the customers. Currently almost all the employees are working from home.

Future Outlook

Business scenario worldwide is undergoing rapid change and disruption due to COVID-19. The consulting service business is expected to be challenging due to travel restrictions and visa issues. Our strategy of providing consulting services on latest technology areas is yielding good results. We are making best efforts in improving the performance in the current year.

Financial Statements

The financial statements for the period ending March 31, 2020 detailing the revenue and expenditure, asset and liabilities and the operational cash flow have been appended with Certified Public Accountant's Compilations Report.

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

(By Order of the Board)

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

May 14, 2020

G.Suresh
President



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Member: AICPA

Accountant's Compilation Report

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

Gentlemen

Management is responsible for the accompanying financial statements of CG-VAK SOFTWARE USA INC., which comprise the balance sheet as of March 31, 2020 and the related statements of income and supplementary information, changes in stockholders' equity, cash flows and for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

May 14, 2020, ISELIN, NJ

VVV CPA PC

BALANCE SHEET AS AT 31ST MARCH 2020

	31.03.2020	
	USD	INR
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash in Book (note 1)	4,88,154	3,61,47,806
Accounts Receivable (note 1)	5,17,360	3,83,10,540
Prepaid Expenses and other Current Assets	8,55,299	6,33,34,920
TOTAL CURRENT ASSETS	18,60,813	13,77,93,266
TOTAL NET FIXED ASSETS	2,737	1,99,726
<u>OTHER ASSETS</u>		
Deposits	5,966	4,41,746
TOTAL ASSETS	18,69,516	13,84,34,738
<u>CURRENT LIABILITIES</u>		
Accounts Payable & Accrued Expenses	1,69,223	1,25,30,978
TOTAL CURRENT LIABILITIES	1,69,223	1,25,30,978
TOTAL LIABILITIES	1,69,223	1,25,30,978
<u>COMMITMENT & CONTINGENCY (Note 2)</u>		
<u>STOCK HOLDERS' EQUITY</u>		
Capital Stock	7,50,000	3,31,00,161
Retained Earnings including translation Reserve	9,50,293	9,28,03,599
STOCKHOLDERS' EQUITY	17,00,293	12,59,03,760
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	18,69,516	13,84,34,738

STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY AS AT MARCH 31,2020

	Balance 04/01/2019		Balance 03/31/2020	
	USD	INR	USD	INR
AUTHORIZED CAPITAL 1000 COMMON SHARES NO PAR VALUE ISSUED 1000	7,50,000	3,31,00,161	7,50,000	3,31,00,161
COMMON SHARES NO PAR VALUE				
RETAINED EARNINGS (Including Translation Reserve)	9,35,268	8,20,89,849	9,50,293	9,28,03,599
TOTAL	16,85,268	11,51,90,010	17,00,293	12,59,03,760

SEE ACCOUNTANT'S COMPILATION REPORT & NOTES TO FINANCIAL STATEMENTS

**STATEMENT OF INCOME & RETAINED EARNINGS
FOR THE YEAR ENDED 31ST MARCH 2020**

	31.03.2020	
	USD	INR
Consulting fees	23,16,149	16,49,09,848
Interest Income	8,343	5,93,995
TOTAL INCOME	23,24,492	16,55,03,843
OPERATING EXPENSES (Schedule 1)	23,02,105	16,39,09,880
NET INCOME FROM OPERATIONS	22,387	15,93,963
Provision for Income Taxes (Note 3)	7,361	5,24,138
NET INCOME	15,026	10,69,825

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST MARCH 2020**

	31.03.2020	
	USD	INR
<u>INCREASE AND DECREASE IN CASH AND CASH EQUIVALANTS</u>		
NET INCOME	15,026	10,69,825
<u>ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>		
DEPRECIATION AND AMORTISATION	846	60,235
DECREASE<INCREASE> IN Accounts Recievable	1,69,770	1,25,71,469
DECREASE<INCREASE> IN Prepaid Expenses & Other Current Assets	(6,34,679)	(4,69,97,980)
Increase(Decrease> in Accounts payable & Accrued Expenses	(3,497)	(2,58,953)
Increase(Decrease> in other current liabilities	25,592	18,95,088
Net cash provided by Operating Activites	(4,26,942)	(3,16,60,316)
Cash flows from Investing Activites		
Purchase of Fixed Assets & Depreciation	(2,297)	(1,63,546)
Cash flows from Financing Activites		
Loan Borrowed <repaid>	0	0
Net cash Provided by Finanacing Activites	0	0
Net Increase (Decrease) in cash & cash Equivalents	(4,29,239)	(3,18,23,862)
Cash and Cash Equivalents at beginning of the year	9,17,393	6,79,71,668
Cash and cash Equivalents at end of the year (Note 1)	4,88,154	3,61,47,806

SEE ACCOUNTANT'S COMPILATION REPORT & NOTES TO FINANCIAL STATEMENTS

SCHEDULE-1

	31.03.2020	
	USD	INR
<u>OPERATING EXPENSES</u>		
SALARY	15,95,871	11,36,26,015
PAYROLL TAXES & PAYROLL PROCESSING	1,33,028	94,71,594
EMPLOYEE BENEFITS	99,143	70,58,982
CONSULTING FEES	2,54,615	1,81,28,588
RENT & UTILITY	24,407	17,37,778
LEGAL & PROFESSIONAL	14,891	10,60,239
TELEPHONE & TELEX	32,029	22,80,465
OFFICE SUPPLIES & EXPENSES	8,172	5,81,846
TRAVEL	17,944	12,77,613
AUTOMOBILE EXPENSES	12,686	9,03,243
INSURANCE	10,273	7,31,438
OTHER EXPENSES	99,046	70,52,079
TOTAL	23,02,105	16,39,09,880

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020****NOTE 1****SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****Organization:**

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

Revenue Recognition:

Revenue and associated expenses are recorded on accrual basis.

Accounts Receivable:

Accounts receivable have been adjusted for all known uncollectible accounts.

Fixed Assets:

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

Cash Flows:

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

NOTE 2**COMMITMENTS AND CONTINGENCIES****Lease Obligations:**

The Corporation rents its office facilities under a non-cancelable operating lease which expires on March 31, 2021. The lease provides in part for the payment of contingent rentals based upon escalation of real estate taxes and certain operating expenses. Future minimum rental payments under the lease are as follows:

2020-21 : \$ 18,360

NOTE 3**INCOME TAXES**

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

NOTE 4**ESTIMATE OF UNCERTAINTY RELATING TO COVID-19**

The Company has considered internal and certain external sources of information including economic forecasts and industry reports up to the date of approval of the financial statements in determining the impact on various elements of its financial statements. The Company has used the principles of prudence in applying judgments, estimates and assumptions including sensitivity analysis and based on the current estimates, the Company expects to fully recover the carrying amount of trade receivables and other assets. The eventual outcome of impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements.

NOTE 5**SUBSEQUENT EVENTS**

The Company has evaluated other subsequent events through May 14, 2020 the date which the financial statements were available to be issued. No reportable subsequent events have occurred through the issue date which would have a significant effect on the financial statements as of March 31, 2020 except as otherwise disclosed.

NOTE 6**TAX EXAMINATION**

There is no pending tax examination in any major tax jurisdiction for the year ended March 31, 2020.



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