

21ST ANNUAL REPORT 2015-16



CG-VAKTM

SOFTWARE & EXPORTS LTD.

An ISO 9001 : 2008 Certified Company



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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
Mr.P.S.Subramanian	Chief Financial Officer
Mr.Shainshad Aduvanni	Company Secretary

STATUTORY AUDITORS

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

SECRETARIAL AUDITOR

Manimekala V Raj
Company Secretary
26B/2, 1st Floor, Bharathi Colony, Peelamedu,
Coimbatore-641 004

REGISTRARS & SHARE TRANSFER AGENTS

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

BANKERS

State Bank of India
ICICI Bank Limited
HDFC Bank Limited
Bank of America
Citibank, N.A.

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 – 641 029

New Jersey

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

SUBSIDIARY

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

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

NOTICE is hereby given that the 21st Annual General Meeting of CG-VAK Software And Exports Limited will be held on Friday the 30th September, 2016 at 4.30 P.M 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, 2016 including audited Balance Sheet as at 31st March, 2016 and the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date and 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.C.Ganapathy (DIN 00735840), who retires by rotation and is eligible for reappointment.
4. To consider and if thought fit, to pass with or without modification, the following Resolutions as ORDINARY RESOLUTIONS:

“RESOLVED THAT, pursuant to Section 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to the recommendation of the Audit Committee of the Company, M/s. N.C.Rajan & Co, Chartered Accountants (Firm Registration No. 003426S), be and is hereby appointed as the Statutory Auditors of the Company (including the branch offices) in place of the retiring Statutory Auditors M/s S.Lakshminarayanan Associates, Chartered Accountants, and who shall hold office from the conclusion of this 21st Annual General Meeting for a term of consecutive five years till conclusion of the 26th Annual General Meeting of the Company subject to ratification of their appointment by the members at every Annual General Meeting, as may be required under the applicable provisions of the Companies Act, 2013.”

“RESOLVED FURTHER THAT the Board of Directors, be and are hereby authorised to fix such remuneration and the reimbursement of out-of-pocket expenses, if any, as may be determined by the Audit Committee and the Board of Directors of the Company.”

“RESOLVED FURTHER THAT the Board of Directors of the Company, be and are hereby authorised to do all such necessary acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification the following Resolutions as SPECIAL RESOLUTIONS:

“RESOLVED THAT pursuant to the provisions of Sections 164, 196, 197 and 203 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 including any statutory modification or re-enactment thereof and subject to such approvals as may be necessary, approval of the members of the company be and is hereby accorded to the re-appointment of Mr.C.Ganapathy (DIN 00735840) as the Whole Time Director (Designated as Executive Chairman) of the company for a further period of 3 years from 1st July, 2016 to 30th June, 2019, on the

following terms and conditions with liberty to the Board of Directors to alter and vary the terms and conditions of the remuneration within the overall limits specified in Schedule V of the Companies Act, 2013.

(A) Salary

Salary of Rs.1,00,000/- per month

Commission on net profit: 1% of the net profits of the company computed in accordance with the sections 196, 197 and 203 of the Companies Act, 2013.

(B) Perquisites:

(1) Conveyance: Free use of the company's car with driver for official and private purposes.

(2) Club fees : Fees of Clubs, Subject to a Maximum of two Clubs (Excluding admission and life membership fee).

(3) Leave Travel Concession: Entitled to travel with family by any mode i.e. Air, Train, Road once in every two years for visiting any place in the world.

Note: Family for the purpose of Leave Travel shall besides the Executive Chairman, consist of Spouse and wholly dependent children of the Executive Chairman.

(4) Medical Benefit: Actual Expenses incurred for the Executive Chairman and his Family Members.

(5) Telephone: The Company shall provide telephone and mobile phones for office & personal use.

(6) Personal Accident Insurance.

(7) Reimbursement of expenditure incurred on gas, water and electricity.

(8) Such other perquisites and allowances including Bonus, Commission, Performance Incentive, Ex-gratia, etc. in accordance with the rules of the Company or as may be agreed to by the Board of Directors of the Company.

Perquisites shall however be restricted to an amount equal to the annual salary."

Mr.C.Ganapathy shall also be entitled to the following perquisites which shall not be included in the computation of the ceiling on remuneration:

(1) Contribution to Provident Fund, Superannuation Fund, Annuity fund and other retirement benefits to the extent the same are not taxable under the Income-tax Act, 1961.

(2) Gratuity as per the provisions of the Payment of Gratuity Act or as per the Gratuity Scheme of the Company whichever is higher.

(3) Reimbursement of expenses incurred for the business of the Company.

"RESOLVED FURTHER THAT in the absence or inadequacy of profits in any financial year, the Whole Time Director designated as Executive Chairman shall be paid a minimum remuneration of the salary mentioned above and the perquisites and allowances will be within the overall ceiling as specified by section II of Part II of Schedule V to the Companies Act, 2013, as in force from time to time".

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments, and writings as may be required to give effect to the aforesaid resolutions."

6. To consider and if thought fit, to pass with or without modification the following Resolutions as SPECIAL RESOLUTIONS:

"RESOLVED THAT pursuant to the provisions of Sections 164, 196, 197 and 203 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 including any statutory modification or re-enactment thereof and subject to such approvals as may be necessary, approval of the members of the company be and is hereby accorded to the re-appointment of Mr.G.Suresh (DIN 00600906) as the Managing Director & CEO

of the company for a further period of 3 years from 01st September, 2016 to 31st August 2019, on the following terms and conditions with liberty to the Board of Directors to alter and vary the terms and conditions of the remuneration within the overall limits specified in Schedule V of the Companies Act, 2013.

(A) Salary

Salary of Rs. 7,00,000/- per month

Commission on net profit: 1% of the net profits of the company computed in accordance with the sections 196, 197 and 203 of the Companies Act, 2013.

(B) Perquisites:

- (1) Conveyance: Free use of the company's car with driver for official and private purposes.
- (2) Club fees : Fees of Clubs, Subject to a Maximum of two Clubs (Excluding admission and life membership fee)
- (3) Leave Travel Concession: Entitled to travel with family by any mode i.e. Air, Train, Road once in every two years for visiting any place in the world.
Note: Family for the purpose of Leave Travel shall besides the Managing Director & CEO, Consist of Spouse, wholly dependent parents and wholly dependent children of the Managing Director & CEO.
- (4) Medical Benefit: Actual Expenses incurred for the Managing Director & CEO and his Family Members
- (5) Telephone: The Company shall provide telephone and mobile phones for office & personal use.
- (6) Personal Accident Insurance.
- (7) Reimbursement of expenditure incurred on gas, water and electricity.
- (8) Such other perquisites and allowances including Bonus, Commission, Performance Incentive, Ex-gratia, etc. in accordance with the rules of the Company or as may be agreed to by the Board of Directors of the Company.

Perquisites shall however be restricted to an amount equal to the annual salary.”

Mr.G.Suresh shall also be entitled to the following perquisites which shall not be included in the computation of the ceiling on remuneration:

- (1) Contribution to Provident Fund, Superannuation Fund, Annuity fund and other retirement benefits to the extent the same are not taxable under the Income-tax Act, 1961.
- (2) Gratuity as per the provisions of the Payment of Gratuity Act or as per the Gratuity Scheme of the Company whichever is higher.
- (3) Reimbursement of expenses incurred for the business of the Company.

“RESOLVED FURTHER THAT in the absence or inadequacy of profits in any financial year, the Managing Director & CEO shall be paid a minimum remuneration of the salary mentioned above and the perquisites and allowances will be within the overall ceiling as specified by section II of Part II of Schedule V to the Companies Act, 2013, as in force, from time to time”.

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments, and writings as may be required to give effect to the aforesaid resolutions.”

7. To consider and if thought fit, to pass with or without modification the following Resolution as a SPECIAL RESOLUTION :

“RESOLVED THAT pursuant to the provisions of Sections 149,150,152 read with Schedule IV and any other applicable provisions of the Companies Act,2013 and the Companies (Appointment and Qualification of Directors), Rules, 2014 (including any statutory modification (s) or re-enactment thereof for the time being in

force) Mr. A.Sankar (DIN 03535173), Independent Director of the Company whose period of office is liable to expire on 25th September, 2016, who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Companies Act, 2013 and who is eligible for re-appointment for a second term under the provisions of the Companies Act, 2013, Rules made there under and SEBI (Listing Obligations and Disclosure requirements), Regulations, 2015 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director pursuant to Section 160 of the Companies Act, 2013, be and is hereby reappointed as an Independent Director of the Company on the Board of Directors of the Company to hold office for a term upto 5(Five) consecutive years commencing from 26th September, 2016, not liable to retire by rotation.”

8. To consider and if thought fit, to pass with or without modification the following Resolutions as ORDINARY RESOLUTIONS:

"RESOLVED THAT pursuant to the provisions of Section 20 of the Companies Act, 2013 and other applicable provisions, if any of the Companies Act, 2013 and rules made thereunder ('the Act'), whereby a document may be served on any member by the Company by sending it to him by post or registered post or by speed post or by courier or by electronic or other mode as may be prescribed, the consent of the members, be and is hereby accorded to charge from the member, the fee in advance, equivalent to the estimated actual expenses of delivery of the documents, pursuant to any request made by the member for delivery of such document to him/her, through a particular mode of service mentioned above provided such request along with requisite fee has been duly received by the Company at least one week in advance of the dispatch of documents by the Company."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors and the Key Managerial Personnel of the Company, be and are hereby severally authorised to do all acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of the matter aforesaid and further to do all acts, deeds, matters and things as may be necessary, proper or desirable or expedient to give effect to above resolution."

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 Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 & Secretarial Standards in respect of Directors seeking reappointment at the Annual General Meeting are separately annexed hereto for item no.3,5,6 & 7
4. The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, the 24th September, 2016 to Friday, the 30th September, 2016 (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 the 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, 2013-14 and 2014-15 are held in separate Bank account and the shareholders who have not received the dividend/encashed the warrants are advised to write to the Company /Registrar & Share Transfer Agents 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 Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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. For Members who have not already cast their votes by remote e-voting, facility to cast their votes at the Annual General Meeting, will be provided through Ballot Paper.
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 26th September, 2016 at 9:00 a.m. and ends on 29th September, 2016 at 5.00 p.m. During this period members’ of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. 23rd September, 2016, 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.

For Members holding shares in Demat Form and Physical Form	
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <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#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <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.

- (viii) If you are a first time user follow the steps given below:
 - (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.
 - (xi) For Members holding shares in physical form, the details can be used only for evoting on the resolutions contained in this Notice.
 - (xii) Click on the EVSN for the relevant <CG VAK SOFTWARE AND EXPORTS LIMITED> on which you choose to vote.
 - (xiii) 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.
 - (xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
 - (xv) 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.
 - (xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
 - (xvii) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
 - (xviii) 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.
 - (xix) 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 the compliance user should be created using the admin login and password. The Compliance user who 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.
 - (xx) 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 29th September, 2016 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 / DP ID No. However, the duly completed Ballot Form should reach the Registered Office of the Company not later than 29th September, 2016 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 : 26th May, 2016

Shainshad Aduvanni
Company Secretary
ACS No. 27895

EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 102 OF THE COMPANIES ACT, 2013 ANNEXED TO THE NOTICE OF THE 21ST AGM OF THE COMPANY IN RESPECT OF ITEMS NO.4 TO 8 OF THE SAID NOTICE

Item No. 4

In view of the provisions of Section 139 of the Companies Act, 2013, M/s S.Lakshminarayanan Associates, Chartered Accountants, has completed their term of 10 years. Accordingly it is proposed that the Company appoint M/s.N.C.Rajan & Co, Chartered Accountants, having registration No. 003426S, as Statutory Auditors in place of M/s. S.Lakshminarayanan Associates, Chartered Accountants, the retiring Statutory Auditors. The Audit Committee has considered the qualifications and experience of the proposed Statutory Auditors and has recommended their appointment. The Board of Directors has also considered the matter and recommends the passing of the Ordinary Resolution appointing M/s.N.C.Rajan & Co, Chartered Accountants, as Statutory Auditors in place of the retiring Auditor M/s.S.Lakshminarayanan Associates, Chartered Accountants. Written consent of the proposed auditors together with a certificate that the appointment, if made, shall be in accordance with the conditions specified in Rule 4 of the Companies (Audit and Auditors) Rules, 2014 has been received.

The Board of the Directors accordingly recommends the Ordinary Resolution set out at Item No. 4 of the Notice for approval of the members.

Interest of Directors & Key Managerial Personnel:

None of the Director or key managerial personnel of the Company or their relatives is directly or indirectly concerned or interested, financially or otherwise, in this resolution.

Item No. 5

The period of appointment of Mr.C.Ganapathy as Whole Time Director (Designated as Executive Chairman) was approved by the shareholders at the Annual General Meeting of the Company held on 26th August, 2011 will expire by the close of 30th June, 2016. The Board of Directors of the Company at its meeting held on 26th May, 2016 has reappointed Mr. C.Ganapathy as Whole Time Director (Designated as Executive Chairman) for a further period of 3 years with effect from 01st July, 2016. Mr.C.Ganapathy has already crossed the age of 70 years and accordingly his reappointment is required to be approved by way of a special resolution of the members of the company.

The terms of reappointment of the Executive Chairman have been finalised by the Nomination and Remuneration Committee of the Board of Directors at its meeting held on 26th May, 2016. The terms finalised by the Nomination and Remuneration Committee and recommended for approval by the Board of Directors are specified in the resolutions.

Mr.C.Ganapathy, Executive Chairman, will be in charge of the day-to-day management of the Company and perform his duties and exercise his powers subject to the superintendence, direction and control of the Board of Directors.

The Board of the Directors accordingly recommends the Special Resolutions set out at Item No. 5 of the Notice for approval of the members.

Interest of Directors & Key Managerial Personnel:

Mr.C.Ganapathy, Whole Time Director (Executive Chairman), is interested in this resolution as it concerns his appointment. Mr.G.Suresh, Managing Director & CEO and Mrs.S.Latha, Women Director are interested in this resolution as Mr.C.Ganapathy is related to them. No other Director or other key managerial personnel of the Company or their relatives is directly or indirectly concerned or interested, financially or otherwise, in this resolution.

Item No. 6

The period of appointment of Mr.G.Suresh as Managing Director & CEO was approved by the shareholders at the Annual General Meeting of the Company held on 23rd August, 2013 will expire by the close of 31st August, 2016. The Board of Directors of the Company at its meeting held on 26th May, 2016 has reappointed Mr.G.Suresh as Managing Director & CEO for a further period of 3 years with effect from 01st September, 2016. The terms of reappointment of the Managing Director have been finalised by the Nomination and Remuneration Committee of the Board of Directors at its meeting held on 26th May, 2016. The terms finalised by the Nomination and Remuneration Committee and recommended for approval by the Board of Directors are specified in the resolutions.

Mr.G.Suresh, Managing Director & CEO, will be in charge of the day-to-day management of the Company and perform his duties and exercise his powers subject to the superintendence, direction and control of the Board of Directors.

The Board of the Directors accordingly recommends the Special Resolutions set out at Item No. 6 of the Notice for approval of the members.

Interest of Directors & Key Managerial Personnel:

Mr.G.Suresh, Managing Director & CEO, is interested in this resolution as it concerns his appointment. Mr.C.Ganapathy, Executive Chairman and Mrs.S.Latha, Women Director are interested in this resolution as Mr.G.Suresh is related to them. No other Director or other key managerial personnel of the Company or their relatives is directly or indirectly concerned or interested, financially or otherwise, in this resolution.

THE OTHER INFORMATION AS REQUIRED UNDER SECTION II AND PART II OF SCHEDULE V OF THE COMPANIES ACT, 2013 IS GIVEN BELOW:

I. GENERAL INFORMATION				
1. Nature of Industry	IT Software Products and Services			
2. Date or Expected Date of Commencement of Commercial Production	The Company was incorporated on 06th December, 1994 and the Commencement of Business was dated 17th February, 1995.			
3. In case of New Companies, Expected Date of Commencement of Activities as per Project approved by Financial Institutions appearing in the Prospectus	Not Applicable			
4. Financial Performance based on given Indicators	Particulars	Financial Years (in Rs Lakhs)		
		2013-14	2014-15	2015-16
	Total Revenue	895.12	1053.77	1003.77
	Profit/(Loss) After Tax	65.06	93.90	80.57
5. Foreign Investments or Collaborations, if any	CG-VAK Software USA Inc, Wholly Owned Subsidiary.			
II. INFORMATION ABOUT THE EXECUTIVE CHAIRMAN AND MANAGING DIRECTOR				
(A) Mr.C.Ganapathy				
1. Background Details	Mr.C.Ganapathy, Executive Chairman is a B.Sc.(Agri) graduate from Agricultural University, Coimbatore. Mr.C.Ganapathy was associated with the Company from 1994 to till date. He has worked for the Government for about 15 years. Later he promoted many business ventures including Hybrid Seed development, Textiles weaving, Spinning Mills and he is part of promoter group of the Company since inception. Mr.C.Ganapathy holds directorships in the following Private Limited Companies viz. G2 Technology Solutions India Private Limited and Sindhu and Gowtham Investments and Securities Private Limited.			
2. Past Remuneration	Rs.25,000 per month			
3. Recognition or Awards	Entrepreneurship Award for the Software and Exports Development by Tamilnadu Senior Agro Technologists Forum.			
4. Job Profile & Suitability	Mr.C.Ganapathy has rich experience in Marketing, Finance, Production and General administration. His contribution to policy making and laying down systems and processes resulting in huge cost savings and effective administration. Every strategic move initiated by him has contributed in no small measure to the enhancement of the Company's stature and reputation. There is a need for formulation of strategies on continuous basis and periodical review thereof for successful implementation and for sustained development of the Company. Hence the continued leadership of Mr.C.Ganapathy in the years ahead will be in the best interests of the Company.			

5. Remuneration Proposed	Salary of Rs.1,00,000/- per month. The details of proposed remuneration are presented in the resolution.
6. Comparative Remuneration profile with respect to industry, size of the Company, profile of the position and person (in case if expatriates the relevant details would be w.r.t. the country of his origin)	The remuneration payable to Mr.C.Ganapathy has been benchmarked with the remuneration being drawn by similar positions in the Industry and has been considered by the Nomination and Remuneration Committee of the Company at their meeting held on 26 th May, 2016.
7. Pecuniary Relationship	Mr.C.Ganapathy, Whole Time Director (Executive Chairman, Mr.G.Suresh, Managing Director & CEO and Mrs.S.Latha, Women Director are related to each other. Mr.C.Ganapathy, Mr.G.Suresh and Mrs.S.Latha do not have any pecuniary relationship, directly or indirectly with the Company or managerial personnel except to the extent of their shareholdings in the equity share capital of the Company and the salary drawn by them as Executive Chairman and Managing Director respectively. Mrs.S.Latha is paid only sitting fee for attending the Board Meetings of the Company and also payment of rent towards the Office leased to the company. Mr.C.Ganapathy, Mr.G.Suresh and Mrs.S.Latha hold 4,06,350, 9,52,060 and 6,34,677 Equity Shares of Rs.10/- each, respectively of the Company.
(B) Mr.G.Suresh	
1. Background Details	Mr.G.Suresh, Managing Director & CEO is a B.E.(Mechanical) from Bangalore University and a MBA from Bharathiar University, Coimbatore . Mr.G.Suresh has over 28 years of Experience in the IT industry. He had promoted many business ventures including Computer Training, Consumer Goods Trading. Mr.G.Suresh was associated with the Company from 1994 to till date. He is the one of the founder Promoter of the Company. Mr.G.Suresh holds directorships in the following Private Limited Company viz. Sindhu and Gowtham Investments and Securities Private Limited.
2. Past Remuneration	Rs.2,50,000 per month.
3. Recognition or Awards	Mr.G.Suresh has been invited regularly to speak at many forums on the Industry and the thought leadership.
4. Job Profile & Suitability	Mr.G.Suresh has been instrumental in promoting and building the Company since inception. Under his leadership the Company has ventured into various international markets including USA, Canada, Australia, Europe and Middle East. In last 10 years, he transformed the Company from a mere IT staffing organization to a successful offshore Software service provider. His vision and strategies in Marketing, HR, Software delivery, Finance have contributed to the growth and stability of the Company.

	<p>The systems and processes laid down by him have resulted in huge cost savings and every strategic move initiated by him has contributed in no small measure to the enhancement of the Company's stature and reputation.</p> <p>There is need for formulation of strategies on continuous basis and periodical review thereof for successful implementation and for sustained development of the Company in the light of highly competitive conditions prevailing in the industry necessitating increased managerial attention given to such matters. Hence the continued international experience and leadership of Mr.G.Suresh in the years ahead will be in the best interests of the Company.</p>
5. Remuneration Proposed	Salary of Rs. 7,00,000/- per month. The details of proposed remuneration are presented in the resolution.
6. Comparative Remuneration profile with respect to industry, size of the Company, profile of the position and person (in case if expatriates the relevant details would be w.r.t. the country of his origin)	The remuneration payable to Mr.G.Suresh has been bench marked with the remuneration being drawn by similar positions in the Industry and has been considered by the Nomination and Remuneration Committee of the Company at their meeting held on 26 th May, 2016.
7. Pecuniary Relationship	Mr.G.Suresh, Managing Director & CEO, Mr.C.Ganapathy, Whole Time Director (Executive Chairman) and Mrs.S.Latha, Women Director are related to each other. Mr.G.Suresh, Mr.C.Ganapathy and Mrs.S.Latha do not have any pecuniary relationship, directly or indirectly with the Company or managerial personnel except to the extent of their shareholdings in the equity share capital of the Company and the salary drawn by them as Managing Director & CEO and Executive Chairman respectively. Mrs.S.Latha is paid only sitting fee for attending the Board Meetings of the Company and also payment of rent towards the Office leased to the company. Mr.C.Ganapathy, Mr.G.Suresh and Mrs.S.Latha hold 4,06,350, 9,52,060 and 6,34,677 Equity Shares of Rs.10/- each, respectively of the Company.
III. OTHER INFORMATION	
1. Reasons for Loss or Inadequacy of Profits	The Company's services require more brand visibility when compared to well established global software service providers. The Company continues to invest heavily in manpower development and due to uncertainty in the international markets, high competition, the Company is unable to increase the billing rates proportionate to the increase in the costs. These have resulted in making inadequate profits by the Company.
2. Steps taken or Proposed to be taken for Improvement	Marketing and Brand Building initiatives have been strengthened substantially. Steps have been taken to deliver higher value to the customers enabling the company to increase the Billing rates. Additional leadership team is in place focusing to increase order booking, revenue and optimization of costs. These will ensure overall improvement.
3. Expected Increase in Productivity and Profits in Measurable Terms	The aforesaid steps taken / to be taken by the Company are expected to improve the Company's performance and profitability in the future. A double digit growth is expected/targeted

Item No. 7

Mr. A.Sankar is an independent Director of the Company, appointed pursuant to approval of the members under the provisions of the Companies Act, 2013 through resolution passed at the Annual General Meeting held on 26th September, 2014. As per the said resolution, the term of appointment of Mr.A.Sankar as Independent Director will expire on 25th September, 2016.

Pursuant to the provisions of section 149 and other applicable provisions of the Companies Act, 2013, an Independent Director shall hold office for a term up to five consecutive years on the Board of a Company and shall be eligible for re-appointment on passing of a special resolution by the company and disclosure of such appointment in Board's report.

In terms of the Corporate Governance Guidelines of the Company and pursuant to the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company passed a resolution in their meeting held on 26th May, 2016 approving appointment of Mr.A.Sankar as Independent Director for a second term of up to 5 consecutive years commencing from 26th September, 2016, based on skills, experience, knowledge and performance evaluation.

The re-appointment is subject to the approval of the shareholders at this Annual General Meeting by way of Special Resolution.

In terms of Section 160 of the Companies Act,2013, the Company has received notices in writing from members along with a deposit of Rs.1 lakh, proposing the candidature of Mr.A.Sankar to be re-appointed as Independent Director as per the provisions of the Companies Act, 2013.

The Board of the Directors accordingly recommends the Special Resolution set out at Item No. 7 of the Notice for approval of the members.

Interest of Directors & Key Managerial Personnel:

Mr.A.Sankar, Independent Director, is interested in this resolution as it concerns his appointment. No other Director or other key managerial personnel of the Company or their relatives is directly or indirectly concerned or interested, financially or otherwise, in this resolution.

Item No. 8

As per the provisions of Section 20 of the Companies Act, 2013, a Member may request for any document through a particular mode for which the Member shall pay such fees as may be determined by the Company in its Annual General Meeting. Since the cost of providing the documents may vary according to the mode of service, weight and its destinations etc., it is therefore proposed that actual expense borne by the Company for such dispatch will be paid in advance by the Member to the Company.

The Board of the Directors accordingly recommends the Ordinary Resolution set out at Item No. 8 of the Notice for approval of the members.

Interest of Directors & Key Managerial Personnel:

None of the Director or key managerial personnel of the Company or their relatives is directly or indirectly concerned or interested, financially or otherwise, in this resolution.

PURSUANT TO REGULATION 36 OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 WITH THE STOCK EXCHANGE AND THE SECRETARIAL STANDARDS, FOLLOWING INFORMATION IS FURNISHED ABOUT THE DIRECTORS PROPOSED TO BE REAPPOINTED, VIDE ITEM NO. 3, 5, 6 & 7

i	Name of the Director	Mr.C.Ganapathy
	DIN	00735840
	Age	76 years
	Date of Appointment on Board	01/12/1995
	Date of Last Reappointment as Director and as Whole Time Director	26/09/2014 & 01/07/2011
	Expertise in Specific Functional Areas	He has 41 years of valuable Experience in various fields like General Management, Production, Marketing and Finance.
	Qualification	B.Sc (Agri)
	No.of Equity Shares held in Company	4,06,350 Equity Shares (as on 31.03.2016)
	Number of Meetings of the Board attended during the year 2015-2016	Five Board Meetings
	Terms and Conditions of Appointment or Reappointment along with details of Remuneration sought to be paid and the Remuneration last drawn	Terms and condition and remuneration sought to be paid as per resolution No 5 and remuneration last drawn was Rs.25000 per month.
	List of outside Directorships in Public/Private Companies	1. G2 Technology Solutions India Private Limited 2. Sindhu And Gowtham Securities And Investments Private Limited
	Chairman/Member of the Committees of Board of Directors of the Company	1. Member of Stakeholders Relationship Committee
	Chairman/Member of the Committees of Board of Directors of other Companies in which he is a Director	NIL
	Relationship with other Directors	Father of Mr.G.Suresh, Managing Director & CEO & Father in Law of Mrs.S.Latha, Women Director

ii	Name of the Director	Mr.G.Suresh
	DIN	00600906
	Age	52 years
	Date of Appointment on Board	01/09/1995
	Date of Last Reappointment as Managing Director	01/09/2013
	Expertise in Specific Functional Areas	He has 28 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	9, 52,060 Equity Shares (as on 31.03.2016)
	Number of Meetings of the Board attended during the year 2015-2016	Five Board Meetings

Terms and Conditions of Appointment or Reappointment along with details of Remuneration sought to be paid and the Remuneration last drawn	Terms and condition and remuneration sought to be paid as per resolution No 6 and remuneration last drawn was Rs.2,50,000 per month.
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 Mr.C.Ganapathy, Executive Chairman & Spouse of Mrs.S.Latha, Women Director.

iii	Name of the Director	Mr.A.Sankar
	DIN	03535173
	Age	64 years
	Date of Appointment on Board	30/05/2011
	Date of Last Reappointment as an Independent Director	26/09/2014
	Expertise in Specific Functional Areas	Has vast experience in Banking. Has expertise in General Management, Accounting and Finance.
	Qualification	B.A.
	No.of Equity Shares held in Company	NIL Equity Shares (as on 31.03.2016)
	Number of Meetings of the Board attended during the year 2015-2016	Five Board Meetings
	Terms and Conditions of Appointment or Reappointment along with details of Remuneration sought to be paid and the Remuneration last drawn	Terms and conditions as per Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Since Mr.A.Sankar is an Independent director there is no remuneration sought to be paid and no remuneration was drawn earlier. He is entitled only for the sitting fees.
	List of outside Directorships in Public/Private Companies	NIL
	Chairman/Member of the Committees of Board of Directors of the Company	Member of the Audit Committee, Member of Stakeholders Relationship Committee & Member of the Nomination and Remuneration Committee.
	Chairman/Member of the Committees of Board of Directors of other Companies in which he is a Director	NIL
	Relationship with other Directors	NIL

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

Place: Coimbatore
Date : 26th May, 2016

Shainshad Aduvanni
Company Secretary
ACS No. 27895

DIRECTORS' REPORT

To the Members,

The Board of Directors of your Company take pleasure in presenting the 21st Annual Report on the business and operations of your Company and the Audited Financial Statements for the year ended 31st March 2016.

FINANCIAL RESULTS 2015-16

During the year under review, your Company has achieved a turnover of *Rs. 1003.77 lakhs* as against *Rs. 1053.77 lakhs* in the previous year. There is a net Profit of *Rs. 80.57 lakhs* as against the net profit of *Rs. 93.90 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. 3547 lakhs* as compared to *Rs. 3894 lakhs* in the previous year.

STATE OF AFFAIRS OF THE COMPANY

The contributions of business from various Geographical areas were:

North America contributed to 81% and Rest of the World 19% of business. Business from Offshore Software Services during the year 2015-2016 was *Rs. 946.52 lakhs* as against *Rs. 1007.52 lakhs* in the 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 2016-17.

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. 30.39 lakhs inclusive of tax amount of Rs. 5.14 lakhs*. During the previous year ended 2014-2015, your Company has paid a dividend of *Rs. 25.27 lakhs*. One shareholder holding one share has waived his dividend entitlement of Re.0.50 for the Financial Year 2015-16, vide his letter dated 25th May, 2016.

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.1,18,307/- to the General Reserve.

FORFEITURE

After giving enough opportunities and sending various reminder notices requesting the shareholders holding partly paid shares to pay the allotment money due, your Directors at their meeting held on 11th November, 2015 has forfeited 9800 equity shares in the capital of the company for non-payment of allotment money of Rs. 5/- per share in compliance with the provisions of Listing Agreement, Articles of Association of the Company read with Regulation 29 of Schedule I of Table A of the Companies Act, 1956 and Regulation 28 of Table F of the Companies Act, 2013. Notices of such forfeiture were also given to the defaulting Equity Shareholders. The BSE has approved the forfeiture of equity shares.

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 have been 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, 2016, Equity Shares representing 90.28% 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 2016-17 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. The Company continues to be compliant with the requirements enshrined in clause 49 of the Listing Agreement/SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 the Company since the Company's paid up capital is not exceeding Rs.10 crores and Net worth is not exceeding Rs.25 crores as on 31st March, 2015.

SEBI vide its press release No. 226/2015 had notified and replaced the existing Listing Agreement with SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015 (Listing Regulations). Pursuant to Regulation 15 (2) of Listing Regulations, the compliance with corporate governance provisions are not mandatory for the Company since the Company's paid up capital is not exceeding Rs.10 crores and Net worth is not exceeding Rs.25 crores as on 31st March, 2015.

However, a Report on Corporate Governance as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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/ SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of this Report.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report for the year under review, as stipulated as per SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015 (Listing Regulations) 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:	10,03,76,923
Foreign Exchange Outgo:	7,82,511
Foreign Travel :	4,03,841
Others:	3,78,670

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-1*.

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 of interest with 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, 2016, 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, 2016, 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\$ 4.00 Million during year as compared to the US\$ 4.65 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, 2016, 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 orders passed by regulators or courts or tribunals impacting the going concern status and Company's operations in future.

ORDER OF JOINT COMMISSIONER OF LABOUR

During the Financial Year, the Company had paid Rs.5,79,690/- (along with interest at 10% amounting to Rs.2,91,229/-) to former Managing Director of Company as Gratuity as per order of the Joint Commissioner of Labour vide his order dated 24th July, 2015.

SEBI - SECURITIES APPELLATE TRIBUNAL ORDER

During the previous financial year (2014-15), SEBI Securities Appellate Tribunal had upheld the orders of the SEBI Adjudicating Officer dated 17th December, 2013 and imposed a penalty of Rs.3,00,000 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.

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.

PUBLIC DEPOSIT

During the year, your Company has not accepted/renewed any Deposits.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

As per the provisions of the Companies Act, 2013, Mr.C.Ganapathy, retire from office by rotation, and being eligible offer himself for re-appointment at the ensuing Annual General Meeting of the Company.

The Board has appointed Mr.C.Ganapathy, as Whole Time Director designated as Executive Chairman for a fresh term of three years with effect from 01st July, 2016 and Mr.G.Suresh as Managing Director & CEO for a fresh term of three years with effect from 01st September, 2016 in terms of Section 196 of the Companies Act, 2013 read with Schedule V of the said Act. Necessary Special Resolutions seeking the approval of the Shareholders for their appointment along with Explanatory Statement justifying the appointment are included in the Notice convening the 21st Annual General Meeting of the Company.

Pursuant to Section 149 of the Companies Act, 2013, Mr.A.Sankar was appointed as Independent Directors of the Company for a term of two consecutive years with effect from 26th September, 2014. The Company proposes to reappoint Mr.A.Sankar as Independent Director of the Company to hold office for a second term of 5 (Five) consecutive years from 26th September, 2016 and Special Resolution for his reappointment as Independent Director of the Company is included in the Notice convening the 21st Annual General Meeting of the Company.

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.

Brief particulars of Directors eligible for reappointment in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standards are annexed to the Notice dated 26th May, 2016 convening the 21st Annual General Meeting.

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

M/s. S.Lakshminarayanan Associates, Chartered Accountants, Coimbatore, the Statutory Auditors of your Company, hold office upto the conclusion of the forthcoming Annual General Meeting of the Company.

M/s.S.Lakshminarayanan Associates, have been the Statutory Auditors of the Company since inception of the Company. The Statutory Auditors have maintained the highest level of governance, rigour and quality in their audit. The Board places on record its appreciation for the services rendered by M/s S.Lakshminarayanan Associates as the Statutory Auditors of the Company.

In line with the requirement of Section 139 (1) of the Companies Act, 2013, the Audit Committee considering the qualifications and experience of M/s.N.C.Rajan & Co, Chartered Accountants, Coimbatore, has recommended their appointment as Statutory Auditors of the Company to the Board. The Board further recommends their appointment as Statutory Auditors to hold office from the conclusion of this Annual General Meeting (AGM) until the conclusion of the 26th Annual General Meeting of the Company, to the members' for approval in this AGM. In terms of Section 139 (1) of the Companies Act 2013, the appointment of Statutory Auditors shall be placed for ratification at every general meeting.

M/s.N.C. Rajan & Co, Chartered Accountants, Coimbatore, have furnished a certificate of their eligibility as per Section 141 of the Companies Act, 2013 and have provided their consent for appointment as Statutory Auditors of the Company.

SECRETARIAL AUDITOR

Mrs.Manimekala V Raj, Practising Company Secretary was appointed to conduct the secretarial audit of the company for financial year 2015-16, as required under Section 204 of the Companies Act, 2013 and Rules made there under. The Secretarial Audit Report for FY 2015-16 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 2015-16 :

- 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 : 26th May, 2016

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	1.14:1
2	Mr.G.Suresh, Managing Director & CEO	11.36:1
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

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	10%
9	Mr.Shainshad Aduvanni, CS	12%

- (iii) The percentage increase in the median remuneration of the employees in the financial year 10%
- (iv) Number of Permanent Employees on the rolls of the company (As on 31st March, 2016) 172
- (v) The explanation on the relationship between average increase in remuneration and company performance:
 The performance of the company has decreased when compared with previous year. 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 2015-16 (Rs in Lakhs)	% Increase/ (Decrease) in KMP's remuneration (2015-16 against 2014-15)	Sales 2015-16 (Rs in Lakhs)	% Increase/ (Decrease) in sales (2015-16 against 2014-15)
47.96	3.22%	1003.77	(4.75%)

- (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 31.03.2015	As on 31.03.2016	Variations	%+ / (-)
Market Capitalization (Rs in Lakhs)	1173.92	1689.29	515.37	44%
Price earnings ratio	12.47	20.90	8.43	68%

Market quotations of the shares as on 31.03.2016 (BSE)	Rs.33.45/- 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.33.45 as on 31 st March, 2016 indicating a compounded annual growth rate of 6 % 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 17.25%. The percentile increase granted to managerial personnel is 3.22%.

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

KMP's Name & Designation	CTC (for 2015-16) (Rs in Lakhs)	%Increase / (Decrease) in CTC (2015-16 against 2014-15)	Sales (for 2015-16) (Rs in Lakhs)	%Increase/ (Decrease) in Sales (2015-16 against 2014-15)
Mr.C.Ganapathy, Executive Chairman	3.96	(30%)	1003.77	(4.75%)
Mr.G.Suresh, Managing Director & CEO	30.89	(1%)		
Mr.P.S.Subramanian, Chief Financial Officer	7.59	10%		
Mr.Shainshad Aduvanni, Company Secretary	7.91	12%		

- (x) The key paramaters for any variable Component of remuneration availed by the directors.
- The Directors are not eligible for any variable compensation as per the provisions of the Act.
- (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.
- 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.

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

Place: Coimbatore
Date : 26th May, 2016

C.Ganapathy
Chairman
DIN 00735840

Annexure - 2 to Director's Report

**Explanations on the Matter of Emphasis in the Auditors' Report to the members of
M/s. CG-VAK Software And Exports Limited for the year ended 31st March, 2016**

- 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 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;
- 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 employee was 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-payment of fixed deposit (note no.4.15 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.

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

Place: Coimbatore
Date : 26th May, 2016

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 or transactions 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, Promoter Group and Non-Executive Women Director	Rental Agreement renewed on 29.05.2015 upto 30.04.2016	Renewed in every 11 months at Rs.1,61,051/month	Leasing of Property & Renewed in every 11 months at Rs.1,61,051/month	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.	Rs.11,00,000/-
2	CG-VAK Software USA Inc (WOS)	IT Recruitment & Accounting Services rendered to WOS	During April 2015 to March 2016	Rs.50,15,095/-		Rs.9,18,710/-

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

Place: Coimbatore
 Date : 26th May, 2016

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 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, 2016
3	Reporting Currency	USD
4	Exchange Rate*	66.40
5	Share Capital	3,31,00,161
6	Reserves and Surplus	7,08,11,369
7	Total Assets	14,03,71,925
8	Total Liabilities	14,03,71,925
9	Details of Investments	Not Applicable
10	Turnover and Other Income	25,68,05,778
11	Profit/ (Loss) Before Taxation	74,13,188
12	Provision for Taxation	22,16,203
13	Profit/ (Loss) After Taxation	51,96,985
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.66.40/USD (Rs.62.00/USD for the previous year ended 31st March, 2015) 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

P.S. Subramanian
Chief Financial Officer

Shainshad Aduvanni
Company Secretary

Place : Coimbatore
Date : 26th May, 2016

Annexure - 6 to Director's Report

**Form No. MGT -9
EXTRACT OF ANNUAL RETURN**

As on the financial year ended 31st March, 2016

[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
Website : www.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
Website : www.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 of the Company	CIN / GLN	% of Shares held	Applicable Section
1.	CG-VAK Software USA Inc	Foreign Company	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	2066922	0	2066922	40.848	2186197	0	2186197	43.289	2.441
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)	2066922	0	2066922	40.848	2186197	0	2186197	43.289	2.441
(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)	2066922	0	2066922	40.848	2186197	0	2186197	43.289	2.441
(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	56356	4400	60756	1.201	77670	4400	82070	1.625	0.424
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs 1 lakh	839537	421970	1261507	24.931	918833	395020	1313853	26.017	1.069
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	1152158	33900	1186058	23.440	1258479	73900	1332379	26.383	2.943
c) Others (specify)									
DIRECTORS & THEIR RELATIVES	342075	60000	402075	7.946	0	13500	13500	0.267	(7.679)
NON RESIDENT INDIANS	13750	0	13750	0.272	20657	0	20657	0.409	0.137
CLEARING MEMBERS	23070	0	23070	0.456	43910	0	43910	0.869	0.413
HINDU UNDIVIDED FAMILIES	45862	0	45862	0.906	57634	0	57634	1.141	0.235
Sub-Total (B)(2)	2472808	520270	2993078	59.152	2377183	486820	2864003	56.711	(2.441)
Total Public Shareholding (B)= (B)(1)+(B)(2)	2472808	520270	2993078	59.152	2377183	486820	2864003	56.711	(2.441)
C. Shares held by Custodian for GDRs & ADRs									
GRAND TOTAL (A)+(B)+(C)	4539730	520270	5060000	100.000	4563380	486820	5050200	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	515402	10.186	0.000	634677	12.567	0.000	2.381
2	G SURESH	952060	18.815	0.000	952060	18.852	0.000	0.037
3	G SARASWATHY	193110	3.816	0.000	193110	3.824	0.000	0.008
4	GANAPATHY C	406350	8.031	0.000	406350	8.046	0.000	0.015
	TOTAL	2066922	40.848	0.000	2186197	43.289	0.000	2.441

(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 01.04.2015	01/04/2015	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	31/03/2016	193110	3.82	193110	3.82
2	C.Ganapathy	At the Beginning of the year 01.04.2015	01/04/2015	406350	8.05	406350	8.05
		Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase	-	-	-	-	-
		At the end of the year	31/03/2016	406350	8.05	406350	8.05
3	G.Suresh	At the Beginning of the year 01.04.2015	01/04/2015	952060	18.85	952060	18.85
		Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase - Purchase					
		At the end of the year	31/03/2016	952060	18.85	952060	18.85
4	S.Latha	At the Beginning of the year 01.04.2015	01/04/2015	515402	10.19	515402	10.19
		Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase - Purchase	10/04/2015	20065	0.40	535467	0.40
			17/04/2015	4449	0.09	539916	0.09
			24/04/2015	4000	0.08	543916	0.08
			01/05/2015	1660	0.03	545576	0.03
			12/06/2015	1000	0.02	546576	0.02
			19/06/2015	866	0.02	547442	0.02
			26/06/2015	4873	0.10	552315	0.10
			30/06/2015	5184	0.10	557499	0.10
			03/07/2015	4600	0.09	562099	0.09
			10/07/2015	5000	0.10	567099	0.10
			17/07/2015	975	0.02	568074	0.02
			31/07/2015	6937	0.14	575011	0.14
			21/08/2015	6717	0.13	581728	0.13
			28/08/2015	6163	0.12	587891	0.12
			04/09/2015	6048	0.12	593939	0.12
			11/09/2015	4219	0.08	598158	0.08
			18/09/2015	380	0.01	598538	0.01
			25/09/2015	400	0.01	598938	0.01
			09/10/2015	1	0.00	598939	0.00
			18/12/2015	14300	0.28	613239	0.28
			25/12/2015	5950	0.12	619189	0.12
			11/03/2016	9970	0.20	629159	0.20
	18/03/2016	5518	0.11	634677	0.11		
	At the end of the year	31/03/2016	634677	12.57	634677	12.57	

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 01.04.2015	01/04/2015	521674	10.33	521674	10.33
		Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase					
		At the end of the year	31/03/2016	521674	10.33	521674	10.33
2	C. Loganathan	At the Beginning of the year 01.04.2015	01/04/2015	190918	3.78	190918	3.78
		Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase/decrease-sale	23/10/2015	(400)	(0.01)	190518	3.77
			20/11/2015	(1631)	(0.03)	188887	3.73
			04/12/2015	(2000)	(0.04)	186887	3.69
			11/12/2015	(1000)	(0.02)	185887	3.67
			18/12/2015	(230)	(0.00)	185657	3.67
			31/12/2015	(1000)	(0.02)	184657	3.65
			08/01/2016	(24927)	(0.49)	159730	3.16
			15/01/2016	(14000)	(0.28)	145730	2.88
			22/01/2016	(650)	(0.01)	145080	2.87
	At the end of the year	31/03/2016	145080	2.87	145080	2.87	
3	K. Jalajadevi	At the Beginning of the year 01.04.2015	01/04/2015	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
4	Nataraj Kumar N	At the Beginning of the year 01.04.2015	01/04/2015	77550	1.54	77550	1.54
		Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase	08/01/2016	(46350)	(0.92)	31200	0.62
			15/01/2016	(8979)	(0.18)	22221	0.44
		At the end of the year	31/03/2016	22221	0.44	22221	0.44
5	S Dhanabakkiam	At the Beginning of the year 01.04.2015	01/04/2015	75946	1.50	75946	1.50
		Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase	11/12/2015	(25)	0.00	75921	1.50
		At the end of the year	31/03/2016	75921	1.50	75921	1.50
6	S.Sankar	At the Beginning of the year 01.04.2015	01/04/2015	69811	1.38	69811	1.38
		Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase	03/04/2015	(8100)	(0.16)	61711	1.22
			18/12/2015	(16600)	(0.33)	45111	0.89
			25/12/2015	(1700)	(0.03)	43411	0.86
			15/01/2016	(866)	(0.02)	42545	0.84
			04/03/2016	(4100)	(0.08)	38445	0.76
			11/03/2016	(8000)	(0.16)	30445	0.60
			18/03/2016	(3500)	(0.07)	26945	0.53
	At the end of the year	31/03/2016	26945	0.53	26945	0.53	
7	M.Thanigachalam	At the Beginning of the year 01.04.2015	01/04/2015	56000	1.11	56000	1.11
		Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase	16/10/2015	(13617)	(0.27)	42383	0.84
			23/10/2015	(42383)	(0.84)	0	0.00
		At the end of the year	31/03/2016	0	0.00	0	0.00
8	Narayanasamy R	At the Beginning of the year 01.04.2015	01/04/2015	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	31/03/2016	52500	1.04	52500	1.04
9	Ramakrishna Prabhu N	At the Beginning of the year 01.04.2015	01/04/2015	43600	0.86	43600	0.86
		Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase	23/10/2015	(22125)	(0.44)	21475	0.43
			30/10/2015	(11475)	(0.23)	10000	0.20
			25/12/2015	(10000)	(0.20)	0	0.00
		At the end of the year	31/03/2016	0	0.00	0	0.00
10	Chandrakant Kirtilal Parikh	At the Beginning of the year 01.04.2015	01/04/2015	39500	0.78	39500	0.78
		Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase	23/10/2015	(9500)	(0.19)	30000	0.59
			08/01/2016	(2701)	(0.05)	27299	0.54
			22/01/2016	(2000)	(0.04)	25299	0.50
			29/01/2016	(1139)	(0.02)	24160	0.48
	At the end of the year	31/03/2016	24160	0.48	24160	0.48	
11	Shri Parasram Holdings Private Limited	At the Beginning of the year 01.04.2015	01/04/2015	28338	0.56	28338	0.56
		Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase					
		At the end of the year	31/03/2016	28338	0.56	28338	0.56

(iv) Shareholding of top ten shareholders (other than Directors, Promoters and holders of GDRs and ADRs) (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
12	Ketaki Priyadarshan Siras	At the Beginning of the year 01.04.2015	01/04/2015	0	0.00	0	0.00
		Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase	20/11/2015	1000	0.02	1000	0.02
			25/12/2015	1792	0.04	2792	0.06
			01/08/2016	208	0.00	3000	0.06
			15/01/2016	22897	0.45	25897	0.51
	At the end of the year	31/03/2016	25897	0.51	25897	0.51	
13	Rita Jain	At the Beginning of the year 01.04.2015	01/04/2015	32589	0.65	32589	0.65
		Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase	23/10/2015	(7589)	(0.15)	25000	0.50
		At the end of the year	31/03/2016	25000	0.50	25000	0.50

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 01.04.2015	01/04/2015	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	31/03/2016	406350	8.03	406350	8.03
2	G.Suresh	At the Beginning of the year 01.04.2015	01/04/2015	952060	18.82	952060	18.82
		Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase - Purchase					
3	S.Latha	At the end of the year	31/03/2016	952060	18.82	952060	18.82
		At the Beginning of the year 01.04.2015	01/04/2015	515402	10.19	515402	10.19
		Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase - Purchase	10/04/2015	20065	0.40	535467	0.40
			17/04/2015	4449	0.09	539916	0.09
			24/04/2015	4000	0.08	543916	0.08
			01/05/2015	1660	0.03	545576	0.03
			12/06/2015	1000	0.02	546576	0.02
			19/06/2015	866	0.02	547442	0.02
			26/06/2015	4873	0.10	552315	0.10
			30/06/2015	5184	0.10	557499	0.10
			03/07/2015	4600	0.09	562099	0.09
			10/07/2015	5000	0.10	567099	0.10
			17/07/2015	975	0.02	568074	0.02
			31/07/2015	6937	0.14	575011	0.14
			21/08/2015	6717	0.13	581728	0.13
			28/08/2015	6163	0.12	587891	0.12
			04/09/2015	6048	0.12	593939	0.12
			11/09/2015	4219	0.08	598158	0.08
			18/09/2015	380	0.01	598538	0.01
			25/09/2015	400	0.01	598938	0.01
			09/10/2015	1	0.00	598939	0.00
	18/12/2015	14300	0.28	613239	0.28		
	25/12/2015	5950	0.12	619189	0.12		
	11/03/2016	9970	0.20	629159	0.20		
	18/03/2016	5518	0.11	634677	0.11		
	At the end of the year	31/03/2016	634677	12.57	634677	12.57	
4	S.Muthukumar	At the Beginning of the year 01.04.2015	01/04/2015	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	31/03/2016	2500	0.05	2500	0.05

(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
5	S.Mohan	At the Beginning of the year 01.04.2015	01/04/2015	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	31/03/2016	1000	0.02	1000	0.02
6	M.Durairaj	At the Beginning of the year 01.04.2015	01/04/2015	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	31/03/2016	10000	0.20	10000	0.20
7	A.Sankar	At the Beginning of the year 01.04.2015	01/04/2015	-	-	-	-
		Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase					
		At the end of the year	31/03/2016	-	-	-	-
8	P.S.Subramanian	At the Beginning of the year 01.04.2015	01/04/2015	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	31/03/2016	2000	0.04	2000	0.04
9	Shainshad Aduvanni	At the Beginning of the year 01.04.2015	01/04/2015	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	31/03/2016	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	5.58	13.84	-	19.42
i) Principal Amount	5.50	12.24	-	17.74
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.08	1.60	-	1.68
Total (i+ii+iii)	5.58	13.84	-	19.42
Change in Indebtedness during the financial year				
Addition	-	-	-	-
Reduction	5.58	5.95	-	11.53
Net Change	(5.58)	(5.95)	-	(11.53)
Indebtedness at the end of the financial year	-	7.89	-	7.89
i) Principal Amount	-	7.34	-	7.34
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	0.55	-	0.55
Total (i+ii+iii)	-	7.89	-	7.89

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	0.67	0.74	1.41
(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)	0.22	0.22	0.44
	TOTAL (A)	30.89	3.96	34.85
	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	15,000				15,000
(b)	Commission	-				-
(c)	others-(specify)	-				-
	Total (2)	15,000				15,000
	Total (B)=(1+2)					1,28,000
	Total Managerial Remuneration(A+B)	Rs.36.13 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	7.29	7.68	14.97
(b)	Value of perquisite u/s 17(2) of the Income Tax Act 1961	0.09	0.02	0.11
(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)	0.22	0.22	0.44
	TOTAL	7.60	7.92	15.52

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, 2016.

(By Order of the Board)

for CG-VAK SOFTWARE AND EXPORTS LIMITED

Place: Coimbatore
Date : 26th May, 2016

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 2016

[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 2016 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 2016 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 upto 14th May, 2015 / The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (effective 15th May 2015);
 - (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 with applicable provisions of the following:

- (a) Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India and made effective 01st July, 2015;
- (b) Compliance with the applicable Clauses of the Listing Agreement entered into by the Company with BSE Limited and applicable Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 made effective 01st December, 2015.

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) During the Financial Year, the Company has paid Rs.5,79,690/- (along with interest at 10% amounting to Rs.2,91,229/-) to former Managing Director of Company as Gratuity as per order of the Joint Commissioner of Labour vide his order dated 24th July, 2015;
- b) Gratuity claims by a former Director and a former employee in the previous years has been disputed by the company and the case is pending before the Assistant Commissioner of Labour;
- 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.

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. There was no change in the composition of the Board of Directors during the period under review.

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:

Vide a resolution passed at the meeting of the Board of Directors held on 11.11.2015, 9800 Equity Shares were forfeited for non payment of allotment money of Rs. 5/- per share (In respect of the public issue made in 1995). Hence the number of shares in paid up capital has been reduced from 5060000 to 5050200. All formalities for forfeiture of the shares have been completed by the Company.

Place : Coimbatore
Date : 26th May 2016

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.

Manimekala V Raj
Practising Company Secretary
FCS No: 5163
C.P. No: 3789

Place : Coimbatore
Date : 26th May 2016

REPORT ON CORPORATE GOVERNANCE

(Pursuant to Regulation 27 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

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 shareholders. 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 & CEO and Four Independent Directors and One Non-Executive Women Director. 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 01.04.2015 to 31.03.2016)	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 31.03.2016	
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	Yes	Nil	Nil
4.	Mr.S.Muthukumar	Independent, Non-Executive Director	5	Yes	Nil	Nil
5.	Mr.S.Mohan	Independent, Non-Executive Director	5	No	Nil	Nil
6.	Mr.A.Sankar	Independent, Non-Executive Director	5	Yes	Nil	Nil
7.	Mrs.S.Latha Women Director	Promoter, Non-Executive Director	5	Yes	Nil	Nil

Five Board Meetings were held during the financial year ended 31st March, 2016. The dates of the Board Meetings were held are 29th May, 2015, 12th August, 2015, 28th September, 2015, 11th November, 2015 and 10th February, 2016.

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

Mr.C.Ganapathy, Executive Chairman, Mr.G.Suresh, Managing Director & CEO and Mrs.S.Latha, Non-Executive Women Director are related to each other.

Details of Equity Shares of the Company held by Non-Executive Directors as on 31st March 2016:

Sl.No	Name	No. of Equity Shares
1.	Mr.S.Muthukumar	2,500
2.	Mr. S.Mohan	1,000
3.	Mr.M.Durairaj	10,000
4.	Mr.A.Sankar	Nil
5.	Mrs.S.Latha	6,34,677

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.

During the Financial Year 2015-2016, four committee meetings were held on 29th May, 2015, 12th August, 2015, 11th November, 2015 and 10th February, 2016. The Members of the Committee are well versed in financial matters, accounts, company law and general business practices.

The Audit Committee consists of Three Independent Directors. The Composition and attendance details of the Audit Committee are as under:

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, Member	4	4
3.	Mr.A.Sankar, Member	4	4

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 Regulation 19 of the Listing Regulations 2015. 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.

The Nomination and Remuneration Committee consists of Three Independent Directors. During the Financial Year ended 31st March, 2016, the Nomination and Remuneration Committee met on 12th August, 2015. The Composition and attendance of the members of the Committee are as under:

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, Member	1	1
3.	Mr.A.Sankar, Member	1	1

V **REMUNERATION TO DIRECTORS**

Remuneration of Executive Directors

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 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.

Details of the remuneration paid to the Directors during the year ended 31st March 2016.
1. Executive Directors
(Rs in Lakhs)

Sl. No	Name & Position	Salary(CTC)	Commission	Total Remuneration(CTC)
1.	Mr.G.Suresh, Managing Director & CEO	30.89	NIL	30.89
2.	Mr.C.Ganapathy, Executive Chairman	3.96	NIL	3.96

Executive Directors have waived the Commission eligible to them. Hence no commission was paid to the Executive Directors for the year ended 31st March, 2016.

2. Non-Executive 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	15,000

VI STAKEHOLDER'S GRIEVANCE COMMITTEE

The Stakeholders' Grievance Committee consists of One Executive Director and Three Independent Directors. Mr.S.Muthukumar, Independent Director is the Chairman of the Committee.

During the financial year 2015-2016, 17 complaints were received from shareholders/authorities to the Company. All of them were replied/resolved to their satisfaction. There are no pending complaints to be resolved at the end of the year.

The Committee met four times during the year on 29th May, 2015, 12th August, 2015, 11th November, 2015 and 10th February, 2016 The Composition and attendance details of the Stakeholders' Grievance Committee are as under:

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, Member	4	4
3.	Mr.S.Mohan, Member	4	4
4.	Mr.A.Sankar, Member	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 28th September, 2015. All the Independent Directors of the Company were present for the meeting.

VII ANNUAL GENERAL MEETINGS:

Year	Type	Location	Date	Time	Special Resolutions passed by the Shareholders
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
2015	AGM	Ardra Hall, Kaanchan, 9, North Huzur Road, Coimbatore -641 018	28.09.2015	4.30 P.M	None

Postal Ballot

No resolutions were passed by Postal Ballot in the year under review.

VIII 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	30 th September, 2016 4.30 PM Ardra Hall, Kaanchan, 9, North Huzur Road, Coimbatore -641 018
2.	Financial Calendar for the year 2016-2017 Results for Quarter Ending 30 th June,2016 Results for Quarter Ending 30 th September,2016 Results for Quarter Ending 31 st December,2016 Results for Quarter Ending 31 st March, 2017	Will be published on or before: 14 th August, 2016 14 th November, 2016 14 th February, 2017 30 th May, 2017
3.	Date of Book Closure	Saturday, the 24 th September, 2016 to Friday, the 30 th September, 2016 (both days inclusive).)
4.	Dividend payment due date	Dividend, if declared at the AGM, will be paid on or before 29 th October, 2016
5.	Listing on Stock Exchange	THE BSE LIMITED, P.J.Towers, Dalal Street, Mumbai – 400 001.Equity
6.	Stock Code ISIN	531489 INE084D01010

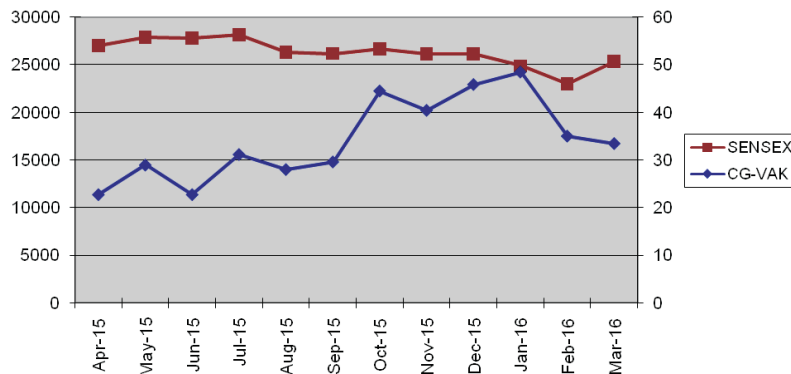
7. Securities and Exchange Board of India vide order no WTM/ /RKA /MRD/12 /2013 dated 03rd April, 2013 passed exit order in respect of Coimbatore Stock Exchange Limited. Accordingly your Company ceased to be listed with Coimbatore Stock Exchange Limited.

8. **Market Price Data**

Monthly Share Price for the year 2015-2016

Month	High	Low	Close
April 2015	29.30	22.35	22.75
May 2015	31.75	24.05	28.95
June 2015	27.55	19.20	22.75
July 2015	36.70	21.70	31.15
August 2015	35.10	23.55	28.00
September 2015	34.10	27.30	29.60
October 2015	56.40	30.00	44.45
November 2015	45.05	36.25	40.40
December 2015	47.95	39.25	45.80
January 2016	68.70	40.50	48.40
February 2016	53.20	28.70	35.00
March 2016	41.00	32.00	33.45

9. **Movement of Share Price – BSE during 2015 – 2016**



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

For any assistance regarding dematerialisation of shares, share transfers, transmissions, change of address, non - receipt of dividend or any other query relating to shares, please write to our Registrar and Shares Transfer Agent at their aforesaid registered address.

An exclusive e-mail ID, investorservices@cgvak.com for redressal of investor complaints has been created and the same is available on our website.

11. Share Transfer System

Applications for transfer of shares held in physical form are received at the office of the Registrars and Share Transfer Agents of the Company. All valid transfers are processed and registered within 15 days from the date of receipt. Shares held in the dematerialized form are electronically traded in the Depository and the Registrars and Share Transfer Agents of the Company periodically receive from the Depository the beneficiary holdings so as to enable them to update their records and send all corporate communication, dividend warrants, etc.

Physical shares received for dematerialisation are processed and completed within a period of 21 days from the date of receipt, provided they are in order in every respect. Bad deliveries are immediately returned to Depository Participants under advice to the shareholders.

The company obtains from Practicing Company Secretary, Coimbatore the following certificates:

- Pursuant to Regulation 40(9) of the Listing Regulations, 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, 2016

Category	No. of Share Holders	%	Amount(Rs.)	%
Upto - 5,000	2800	82.45	50,54,050	10.01
5,001 -- 10,000	312	9.19	26,64,580	5.28
10,001 -- 20,000	113	3.33	17,63,480	3.49
20,001 -- 30,000	69	2.03	17,10,440	3.39
30,001 -- 40,000	17	0.50	5,88,800	1.16
40,001 -- 50,000	17	0.50	7,64,250	1.51
50,001 -- 1,00,000	31	0.91	22,86,510	4.53
1,00,001 AND ABOVE	37	1.09	3,56,69,890	70.63
TOTAL	3396	100.00	5,05,02,000	100.00

Shareholding Pattern as on 31st March 2016

Category	No. of Shares	Percentage of Shareholding
Promoter and Promoter Group	21,86,197	43.28
Domestic Bodies Corporate	82,070	1.63
Non Resident Indians	20,657	0.41
Indian Public and Others	27,61,276	54.68
Total	50,50,200	100.00

- 13. Shares dematerialised as on 31.03.2016 : 90.28%**
- 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. Outstanding GDRs/ADRs/Warrants or any Convertible Instruments

There are no outstanding GDRs/ADRs/Warrants or any convertible instruments as at end of 31st March,2016.

15. Commodity Price Risk or Foreign Exchange Risk and Hedging Activities

There is no commodity price risk. Your company has a formal Board approved hedging strategy which is reviewed periodically. Judiciously hedging against adverse foreign exchange exposures helps minimize the impact of exchange fluctuations. We continue to maintain a prudent and balanced forex management policy which will help us manage risk appropriately.

16. 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:

California	New Jersey
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

17. 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
Website : www.skdc-consultants.com

18. 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

X 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, the Company had paid Rs.5,79,690/- (along with interest at 10% amounting to Rs.2,91,229/-) to former Managing Director of Company as Gratuity as per order of the Joint Commissioner of Labour vide his order dated 24th July, 2015.

(c) During the Financial Year 2014-2015, SEBI Securities Appellate Tribunal had upheld the orders of the SEBI Adjudicating Officer dated 17th December, 2013 and imposed a penalty of Rs.3,00,000 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. Apart from this there has been no instance of any penalty / stricture imposed on the Company by Stock Exchanges / SEBI / any statutory authorities on any matter relating to capital market, during the last three years. 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-compliances.

(d) During the Financial 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.

(e) Policy on determination of materiality of event or information:

In accordance with requirements of the Listing Regulations, the Company has formulated a policy on determination of materiality if event or information. A copy of Policy on determination of materiality of event or information has been placed at our website at www.cgvak.com for reference.

(f) Policy for Document Retention & Archival :

The Company has framed a record Management Policy for preservation of documents. This policy prescribes the nature of documents and period for which the same should be preserved. A copy of Document Retention & Archival Policy has been placed at our website at www.cgvak.com for reference.

(g) 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.

(h) 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 crores and Net worth is not exceeding Rs.25 crores as on 31st March, 2015.

SEBI vide its press release No. 226/2015 had notified and replaced the existing Listing Agreement with SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015 (Listing Regulations).

Pursuant to Regulation 15 (2) of Listing Regulations, the compliance with corporate governance provisions are not mandatory for the Company since the Company's paid up capital is not exceeding Rs.10 crores and Net worth is not exceeding Rs.25 crores as on 31st March, 2015.

However, the Company has implemented all mandatory requirements as per SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015. Details of Compliance of non mandatory requirement are given below.

(a) The Company has appointed separate persons to the post of Chairman and Chief Executive Officer.

XI Declaration signed by the Chief Executive Officer stating that the members of Board of Directors and Senior Management Personnel have affirmed compliance with the code of conduct of the Board of Director and Senior Management is furnished separately.

XII As required under Regulation 17(8) of the Listing Regulations, the CEO and CFO of the Company have certified the accuracy of Financial Statements, the Cash Flow Statements and adequacy of Internal Control Systems for financial reporting for the year ended 31st March, 2016 and the same is annexed to this report.

(By Order of the Board)

for CG-VAK SOFTWARE AND EXPORTS LIMITED

Place: Coimbatore
Date : 26th May, 2016

C.Ganapathy
Chairman
DIN 00735840

CEO AND CFO CERTIFICATION

[As per Listing Agreement and Regulation 17(8) of
SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

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

In compliances with the Listing Agreement and Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended 31st March 2016 and that to the best of our knowledge and belief:
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) These statements together present a true and fair view of the company's affairs and are in compliance with 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 2015-2016 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 : 26th May, 2016

G.Suresh
Managing Director & CEO

P.S.Subramanian
Chief Financial Officer

DECLARATION BY THE CEO UNDER THE LISTING AGREEMENT AND SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 REGARDING THE COMPLIANCE WITH THE CODE OF CONDUCT

In accordance with the Listing Agreement and that of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby confirm that, all Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct, as applicable to them, for the financial year ended 31st March, 2016.

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

Place: Coimbatore
Date : 26th May, 2016

G.Suresh
Managing Director & CEO
DIN 00600906

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, 2016 as stipulated in Clause 49 of the Listing Agreement and as per the Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, to the extent applicable during the aforesaid period.

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 and as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We state that no investor grievance is pending for a period exceeding one month against the company as per the records maintained by the Stakeholders 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
Firm Regn.No.006609S

S. Lakshminarayanan
Partner
M.No.012024

Place : Coimbatore
Date : 26th May, 2016

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. INDUSTRY STRUCTURE

The global economic growth was slow and the growth was estimated to be 3.1% in the calendar year 2015. The same trend is expected to continue during the calendar year 2016. It is estimated to grow at 3.2% in 2016. USA grew at 2.4% in the year 2015 and is expected to grow at the same level in the year 2016.

The global market for outsourced IT BPM (Business Process Management) services remained almost flat with 0.4% increase over previous year. The IT export revenues from India for the Financial Year 2015-16 grew at 12%.

The companies worldwide are increasingly turning to offshore technology service providers to meet their technology service needs and to improve their cost effectiveness. 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.1003.77 Lakhs* as against *Rs.1053.77 Lakhs* in the previous year. The Net Profit for the year is *Rs.80.57 Lakhs* as against the Net Profit of *Rs.93.90 Lakhs* in the previous year. The company 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 areas were:

North America contributed to 81% and Rest of the world 19% to the business of the Company. The company has strategically increased the focus on Offshore Software Services and the business from Onsite Service is Nil. The business from Offshore Software Services was *Rs.946.52 Lakhs* during the year 2015-16 as against *Rs.1007.52 Lakhs* in the previous year.

4. OPPORTUNITIES, THREATS, RISKS AND CONCERNS

The company is seeing good traction on the Mobility, Cloud and Outsourced Product Development (OPD) market segment from North America. The IT spend is expected to grow once the global economic recovery process gathers speed and the levels of discretionary spending increases. The Company seeks to strengthen the client relationships by improving the value the company offers to the clients and the Company expects a good growth in the repeat business that it gets. 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 the business.

Our Industry is marked by high attrition rate and the prime challenge is to retain the best talent. The Company is trying to mitigate the risk by offering good HR practices and providing an opportunity to work with the Company's Wholly Owned Subsidiary in USA. 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 the Company is trying to mitigate by expanding the geographical spread of its market. Currently, the Company gets 81% of the business from the North America.

5. OUTLOOK FOR THE FUTURE

For the Financial Year 2016-17, the IT exports from India are likely to grow at the rate of 10-12%. The technology areas like Cloud, Software as a Service (SaaS), Mobility and Social Technologies are expected to drive the technology spending globally. CG-VAK has built expertise to 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 its service offerings to win deals. A positive growth is expected in the current year.

6. INTERNAL CONTROLS & THEIR ADEQUACY

The Company has a good control mechanism in place at all the departments. As the Company is an ISO 9001:2008 Certified Company, it has a well-matured development process in place where there is an enhancement of the processes in all its 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, 2016 the employee strength stood at 172.

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 : 26th May, 2016

C.Ganapathy
Chairman
DIN 00735840

INDEPENDENT AUDITORS' REPORT**To the Members of CGVAK Software and Exports Limited****Report on the Standalone Financial Statements**

We have audited the accompanying standalone Financial Statements of **CG-VAK Software and Exports Limited** ("the Company") which comprise the Balance Sheet as at 31st March 2016, and the Statement of Profit & Loss Account, and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements:

The Company's Board of Directors and the management is responsible for the matters stated in Section 134(5) of the Companies Act, 2013, (the Act) with respect to the preparation and presentation of these standalone 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 maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

Our responsibility is to express an opinion on these standalone 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 and regulations made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act 2013. 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 the 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 a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the 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 standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements dealt with by this Report read together with schedules, significant accounting policies and disclosures, give the information required by the act, rules and regulations 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 31st March, 2016 and its **Profits** and its **Cash Flows** for the year ended that date.

Emphasis of Matters

We draw attention to the following matters in the Notes forming part of the Financial Statements:

- (a) Note Nos. 4.13, 4.14 to the financial statements regarding Non-provision of Gratuity which describes the uncertainty related to the outcome of law suits filed against the company by a former director and his relatives.
- (b) Note No.4.15 to the financial statement regarding the claim for non-payment of fixed deposit by the company before the Madras High Cour which describes the uncertainty to the outcome of law suits filed against the company by a former director and his relatives.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Matters:

- 1 As required by the Companies (Auditor's Report) Order, 2016 ("the order") issued by the Central Government of India, in terms of Sub-section (11) of Section 143 of the Act, we give in the **Annexure A**, a statement on the matters specified in paragraph 3 and 4 of the Order.
- 2 As required by Section 143 (3) of the Companies Act, 2013, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion proper books of accounts 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 Cash Flow statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid Standalone Financial statements comply with the 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 representations received from the Directors as on 31st March 2016 and taken on record by the Board of Directors none of the directors is disqualified as on 31st march 2016 from being appointed as Director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the **internal financial controls over financial reporting** of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**"; and
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements – *Refer to Note 4.13, 4.14 & 4.15 to the financial statements;*
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

S. Lakshminarayanan
Partner
M.No.012024

Place : Coimbatore
Date : 26th May, 2016

Annexure A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31st March 2016, we report that:

- (i) (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 regular program 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.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the company.
- (ii) The Company is a service company, primarily rendering software services. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable.
- (iii) The company has not granted any loans to companies, firms, LLPs or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').
- (iv) The company has not advanced any loans, made any investments in subsidiaries during the year, provided any guarantee or security in connection with a loan to any other body corporate or person.
- (v) The company has not accepted any deposits from the public.
- (vi) The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for any of the services rendered by the company.
- (vii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of accounts in respect of undisputed statutory dues including Provident Fund, ESI dues, Income tax, Sales Tax, Service tax, customs duty, VAT, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.
According to the information and explanations given to us no undisputed amounts are payable in respect of Provident Fund, ESI dues, Income tax, Sales Tax, Service tax, customs duty, VAT, cess and other material statutory dues were in arrears as at 31st March, 2016, for a period of more than six months from the date they became payable.
- (viii) According to the information and explanations given, the company has not defaulted in Repayment of dues to any bank / financial institution / Government / Debenture holders.
- (ix) According to the information and explanations given to us, the company did not raise any money by way of Initial Public Offer or further public offer or availed any term loans during the year. The term loans already availed have been applied for the purposes for which loans were obtained.
- (x) According to the information and explanations given to us, there are no instances of fraud by the company or any fraud on the company by its officers or employees noticed or reported during the year under review.
- (xi) According to the information and explanations given to us and based on our examination of records of the Company, managerial remuneration has been paid as per the approvals mandated by the provisions of the Companies Act, 1956.
- (xii) In our opinion and according to the information and explanations given to us, the company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with provisions of section 177 and 188 of the Companies Act, 2013, where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment/private placement/issued any fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, The Company has not entered into non-cash transactions with directors or persons connected to them.
- (xvi) The company is not required to be registered U/s.45IA of the Reserve Bank of India Act, 1934.

For S. Lakshminarayanan Associates
Chartered Accountants
Firm Regn.No.006609S

S. Lakshminarayanan
Partner
M.No.012024

Place : Coimbatore
Date : 26th May, 2016

Annexure: B to Auditors' Report

Annexure to Independent Auditor's Report of even date on the Standalone Financial Statements of CG VAK Software and Exports Limited

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

We have audited the internal financial controls over financial reporting of CG-VAK Software and Exports Limited, ("the Company") as of 31st March, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

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

S. Lakshminarayanan
Partner
M.No.012024

Place : Coimbatore
Date : 26th May, 2016

BALANCE SHEET AS AT 31ST MARCH 2016

Particulars	Note No	31-Mar-2016 Rs	31-Mar-2015 Rs
I EQUITY & LIABILITIES:			
1 Shareholders' Funds:			
a Share Capital	2.01	5,05,02,000	5,05,33,700
b Reserves & Surplus	2.02	3,60,21,680	3,10,65,266
		8,65,23,680	8,15,98,966
2 Non Current Liabilities:			
a Long Term Borrowings	2.03	1,89,435	7,33,584
b Other Long Term Liabilities		2,80,221	11,16,512
		4,69,656	18,50,096
3 Current Liabilities:			
a Trade Payables		10,51,308	14,55,759
b Other Current Liabilities	2.04	71,83,001	87,82,706
c Short Term Provisions	2.05	40,60,072	56,67,128
		1,22,94,381	1,59,05,593
Total Equity & Liabilities		9,92,87,717	9,93,54,655
II ASSETS:			
1 Non Current Assets :			
a Fixed Assets	2.06		
- Tangible Assets		1,61,59,626	1,55,81,669
- Intangible Assets		28,20,097	27,59,508
		1,89,79,723	1,83,41,177
b Non Current Investments	2.07	3,66,88,732	3,65,05,096
c Deferred Tax Asset (net)	2.08	42,36,644	49,06,687
d Long Term Loans & Advances	2.09	15,37,702	15,26,990
2 Current Assets:			
a Trade Receivables	2.10	2,42,81,978	3,24,19,418
b Cash & Cash Equivalents	2.11	1,17,18,538	44,19,616
c Short Term Loans & Advances	2.12	17,47,869	12,04,738
d Other Current Assets		96,531	30,933
		3,78,44,916	3,80,74,705
Total Assets		9,92,87,717	9,93,54,655

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

As per our report of even date

For and on Behalf of the Board of Directors

For S Lakshminarayanan Associates
Chartered Accountants
Firm Regn No.006609S

G.Suresh
Managing Director

C.Ganapathy
Executive Chairman

S Lakshminarayanan
Partner (M.No.012024)

S.Muthukumar
M.Durairaj
S.Mohan
A.Sankar
S.Latha
Directors

P.S. Subramanian
Chief Financial Officer

Place : Coimbatore
Date : 26th May, 2016

Shainshad Aduvanni
Company Secretary

PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

Particulars	Note No	31-Mar-2016 Rs	31-Mar-2015 Rs
I	Income:		
a	Revenue from Operations	10,03,76,923	10,53,77,380
b	Other Income	25,35,245	22,70,299
	Total Income	10,29,12,168	10,76,47,679
II	Expenditure:		
a	Employee Benefit Expenses	6,87,88,911	7,01,99,274
b	Operating & Other Expenses	1,96,13,791	1,91,09,907
c	Finance Cost	4,42,813	5,71,145
d	Depreciation & Amortization	23,40,011	54,32,850
	Total Expenditure	9,11,85,526	9,53,13,176
III	Profit/ (Loss) Before Taxes:	1,17,26,642	1,23,34,503
IV	Tax Expense:		
a	Current Tax (net of MAT credit entitlement)	30,00,000	36,93,244
b	Deferred Tax	6,70,043	(7,48,494)
		36,70,043	29,44,750
V	Profit / (Loss) for the Year:	80,56,599	93,89,753
VI	Earnings Per Share (par value of Rs.10 each) (Basic & Diluted)	1.60	1.86

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

As per our report of even date

For S Lakshminarayanan Associates
Chartered Accountants
Firm Regn No.006609S

S Lakshminarayanan
Partner (M.No.012024)

Place : Coimbatore
Date : 26th May, 2016

For and on Behalf of the Board of Directors

G.Suresh
Managing Director

S.Muthukumar
M.Durairaj
S.Mohan
A.Sankar
S.Latha
Directors

C.Ganapathy
Executive Chairman

P.S. Subramanian
Chief Financial Officer

Shainshad Aduvanni
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2016

Particulars	31-Mar-2016 Rs	31-Mar-2015 Rs
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) Before Tax and Extra-Ordinary Items	1,17,26,642	1,23,34,503
<u>Adjustments for</u>		
Depreciation & Amortization	23,40,011	54,32,850
(Profit) / Loss on sale of Assets	(20,214)	(21,568)
Provision for Bad Debts	42,65,872	43,98,574
Unrealised Foreign Exchange gain on cash and cash equivalents	17,659	(6,849)
Interest Receipts	(2,40,847)	(2,18,646)
Finance Cost	4,42,813	5,71,145
Operating Profit/ (Loss) Before Working Capital Changes	1,85,31,936	2,24,90,009
Adjustments for		
(Increase) / Decrease in Trade Receivables	38,71,568	(1,24,72,534)
(Increase) / Decrease in Other Current Assets	(6,12,592)	(3,53,369)
Increase / (Decrease) in Trade & Other Payables	(27,58,375)	15,32,230
Changes in Working Capital	5,00,601	(1,12,93,673)
Cash Generated From Operations	1,90,32,537	1,11,96,336
Direct Taxes Paid	(42,87,460)	(29,40,663)
Net Cash Generated from Operating Activities	1,47,45,077	82,55,673
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(29,78,556)	(44,52,066)
Purchase of Investments	(1,83,636)	(34,03,335)
Interest Receipts	2,40,847	2,18,646
Sale of Fixed Assets	20,214	1,97,571
Net Cash from Investing Activities	(29,01,131)	(74,39,184)
C CASH FLOW FROM FINANCING ACTIVITIES		
Increase / (Decrease) in Secured Long Term Borrowing	(5,58,258)	(6,07,704)
Increase / (Decrease) in Unsecured Long Term Borrowing	(4,90,183)	(15,29,002)
Increase / (Decrease) in Working Capital Borrowing	0	0
Loans Repaid by Wholly owned Subsidiary	0	21,36,722
Dividend Paid	(25,26,738)	(25,27,050)
Corporate Dividend Distribution Taxes paid	(5,12,524)	(4,29,472)
Increase / (Decrease) in bank balances not considered as cash & cash equivalents	(41,38,548)	7,61,411
Finance Cost	(4,42,813)	(6,53,732)
Calls in arrears collected during the year	10,000	0
Net Cash from Financing Activities	(86,59,064)	(28,48,827)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2016

Particulars	31-Mar-2016 Rs	31-Mar-2015 Rs
Net Increase/(Decrease) in Cash & Cash Equivalents	31,84,882	(20,32,338)
Add: Opening Balance of Cash & Cash Equivalents	35,36,978	55,69,316
Closing Balance of Cash & Cash Equivalents	67,21,860	35,36,978
<u>Reconciliation of Cash and Cash Equivalents with the Balance Sheet</u>		
Cash and Cash Equivalents as per Note No.2.11	1,17,18,538	44,19,616
Less: Deposits maturing beyond 3 months	49,54,248	8,15,700
Less: Deposits under lien	60,089	60,089
	67,04,201	35,43,827
Unrealised Foreign Exchange Gain/Loss - Cash & Cash Equivalents	17,659	(6,849)
Cash & Cash Equivalents as restated	67,21,860	35,36,978

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 our report of even date

For S Lakshminarayanan Associates
 Chartered Accountants
 Firm Regn No.006609S

 S Lakshminarayanan
 Partner (M.No.012024)

 Place : Coimbatore
 Date : 26th May, 2016

For and on Behalf of the Board of Directors

 G.Suresh
Managing Director

 S.Muthukumar
 M.Durairaj
 S.Mohan
 A.Sankar
 S.Latha
Directors

 C.Ganapathy
Executive Chairman

 P.S. Subramanian
Chief Financial Officer

 Shainshad Aduvanni
Company Secretary

Notes forming part of the Financial Statements for the year ended 31st March, 2016

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.

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.

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.

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 Depreciation on fixed assets is provided in the accounts under Straight Line Method, based on the useful life of the assets as prescribed in the Schedule II to the Companies, Act 2013

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 forming part of the Financial Statements for the year ended 31st March, 2016

Note No	31-Mar-2016 Rs	31-Mar-2015 Rs
c 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.	
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 recognised 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		
	<u>Share Capital:</u>	
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
	Less: Shares forfeited during the year	0
	<u>98,000</u>	<u>0</u>
	<u>5,05,02,000</u>	<u>5,05,33,700</u>
iii Reconciliation of number of Equity shares:-		
	Shares outstanding as at 1 st April 2015/ 1 st April 2014	50,60,000
	Changes during the year	(9,800)
	Shares outstanding as at 31 st March 2016/ 31 st March 2015	50,50,200
	Note: 9,800 Equity shares of Rs.10 each forfeited during the year effective 11-Nov-2015	
iv List of shares held by shareholders holding more than 5% of the Aggregate shares in the company:		
	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	6,34,677
v	The company has issued only one class of equity shares having a par value of Rs.10/share	
2.02		
	<u>Reserves & Surplus:</u>	
i General Reserve		
a	General Reserve - Opening Balance	1,08,81,693
b	Add: Transfer during the year	1,18,307
c	General Reserve - Closing Balance	1,10,00,000
ii Forfeited Shares (amount originally paid up)	41,700	0
iii Surplus in Profit & Loss Account		
a	Opening Balance b/fd	2,01,83,574
b	Add/ (Less): Profit / (Loss) for the Year	80,56,599
c	Excess Provision reversed	2,338
	<u>2,82,42,511</u>	<u>2,38,13,596</u>

Notes forming part of the Financial Statements for the year ended 31st March, 2016

Note No	31-Mar-2016 Rs	31-Mar-2015 Rs	
a Less: Transfer to General Reserve	1,18,307	2,81,693	
b Less: Income tax for prior years	1,05,072	3,06,732	
c Less: Proposed Dividend	25,25,100	25,27,134	
d Less: Provision for Tax on Dividend	5,14,051	5,14,465	
	32,62,530	36,30,024	
e Profit & Loss Account - Surplus c/fd	2,49,79,980	2,01,83,574	
	3,60,21,680	3,10,65,267	
2.03 Long Term Borrowings:-			
Unsecured Loans:-			
Vehicle Loans - Others	1,89,435	7,33,584	
	1,89,435	7,33,584	
<u>Vehicle Loans - Others</u>	Pending EMI	Pending EMI	
	31-Mar-2016	31-Mar-2015	
a Toyota Financial Services Ltd	16	28	
	1,89,435	7,33,584	
	1,89,435	7,33,584	
i Interest paid @ 10.49%			
ii Current maturity of long term debt are reported under current liabilities			
iii There are no continuing defaults in respect of this loan			
Details of Non Current & Current Borrowings			
	31-Mar-16	31-Mar-16	31-Mar-16
	Non Current	Current	Total
a Vehicle Loans	1,89,435	5,44,149	7,33,584
	1,89,435	5,44,149	7,33,584
	31-Mar-15	31-Mar-15	31-Mar-15
	Non Current	Current	Total
a Statebank of India	0	5,58,258	5,58,258
b Vehicle Loans	7,33,584	4,90,183	12,23,767
	7,33,584	10,48,441	17,82,025
2.04 Other Current Liabilities:			
i Secured Current Maturities of Long term Debt			
a State Bank of India - Term Loan - III		0	5,58,258
ii Unsecured Current Maturities of Long Term Debt:			
a Vehicle Loans - Other than Bank		5,44,149	4,90,183
iii Other payables			
a Salary Payable		42,09,130	43,57,010
b Other payables		24,29,722	33,77,255
		71,83,001	87,82,706
2.05 Short Term Provisions			
i Provision for Income Tax (net)		0	11,82,388
ii Provision for Employee Benefits		10,20,921	14,43,141
iii Proposed Dividend		25,25,100	25,27,134
iv Provision for Tax on Dividend		5,14,051	5,14,465
		40,60,072	56,67,128

Notes forming part of the Financial Statements for the year ended 31st March, 2016

Note No	31-Mar-2016 Rs	31-Mar-2015 Rs
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2.06 Fixed Assets

Particulars	COST BLOCK				DEPRECIATION BLOCK				NET BLOCK	
	Cost As at 01- Apr- 15	Additons during the year	Sales/ Withdrawal	Cost as at 31- Mar- 16	upto 01- Apr- 15	Depreciation for the year	Sales/ Withdrawal	upto 31- Mar- 16	WDV 31- Mar- 16	WDV 31- Mar- 15
Tangible Assets										
Freehold Land	63,75,000	0	0	63,75,000	0	0	0	0	63,75,000	63,75,000
Freehold Building	47,79,598	59,927	0	48,39,525	24,91,522	1,43,817	0	2635339	22,04,186	22,88,076
Plant & Equipment	2,02,34,496	13,68,629	74,47,203	1,41,55,922	1,72,20,596	8,49,854	74,47,203	10623247	35,32,675	30,13,900
Vehicles	65,63,477	0	4,91,519	60,71,958	33,03,489	5,81,877	4,91,519	3393847	26,78,111	32,59,988
Furniture & Fittings	84,68,847	7,95,493	43,02,574	49,61,766	78,24,142	70,544	43,02,574	35,92,112	13,69,654	6,44,705
Sub Total - Tangible Assets	4,64,21,418	22,24,049	1,22,41,296	3,64,04,171	3,08,39,749	16,46,092	1,22,41,296	2,02,44,545	1,61,59,626	1,55,81,669
Previous YE 31-Mar-2015	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
Intangible Assets										
Software	3,71,84,695	7,54,507	1,58,93,187	2,20,46,015	3,44,25,187	6,93,919	1,58,93,187	1,92,25,919	28,20,096	27,59,508
Sub Total - Intangible Assets	3,71,84,695	7,54,507	1,58,93,187	2,20,46,015	3,44,25,187	6,93,919	1,58,93,187	1,92,25,919	28,20,096	27,59,508
Previous YE 31-Mar-2015	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
Grand Total	8,36,06,113	29,78,556	2,81,34,483	5,84,50,186	6,52,64,936	23,40,011	2,81,34,483	3,94,70,464	1,89,79,722	1,83,41,177
Previous YE 31-Mar-2015	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

2.07 Non-Current Investments: (Valued At Cost) - Other Investments
i Investment in Equity Instruments:- (Fully paid - quoted)

	31.03.2016	31.03.2015			
a	100	100	Equity Shares of Rs.10 each Union Bank of India	1,600	1600
b	45.541	3392.310	Units of Rs. 1000 each SBI Premier Liquid Fund Regular Plan (Daily Dividend)	45,689	34,03,335
c	2110.562	0	Units of Rs. 1000 each SBI Treasury Advantage Fund	35,41,282	0

ii Investment in Equity Instruments:- (Fully paid - Unquoted)

a	750 Equity Shares of US\$ 1,000 each - CGVAK Software USA Inc	3,31,00,161	3,31,00,161
CGVAK Software USA Inc is a wholly owned subsidiary.			
		3,66,88,732	3,65,05,096

	Quoted	Quoted
Aggregate Cost of Quoted Investments	35,88,571	34,04,935
Face Value of Quoted Investments	21,57,103	33,93,310
Aggregate Market Value of Quoted Investments	36,00,056	34,19,005
	Unquoted	Unquoted
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	42,924.270	4,30,63,773.88	4,30,63,773.88

2.08 Deferred Tax Asset:-

Opening Balance	49,06,687	41,58,193
Add/(Less): Provision for the Year	(6,70,043)	7,48,494
	42,36,644	49,06,687

Notes forming part of the Financial Statements for the year ended 31st March, 2016

Note No	31-Mar-2016 Rs	31-Mar-2015 Rs
<u>Deferred Tax Assets (net)</u>		
Fixed Assets	13,77,655	16,15,986
Employee Benefits	4,09,810	7,96,143
Trade Receivable	24,49,179	24,94,558
	42,36,644	49,06,687
2.09	<u>Long Term Loans & Advances:- (Unsecured Considered good)</u>	
i	Other Long term Advances	
	- Related party - Rental advance	
	11,11,000	11,00,000
ii	Deposits	
	4,26,702	4,26,990
	15,37,702	15,26,990
2.10	<u>Trade Receivables - Unsecured</u>	
i	<u>Considered Good</u>	
a	Outstanding for a period more than 6 months	
	78,50,503	92,46,336
b	Other debts	
	1,64,31,475	2,31,73,082
ii	<u>Considered Doubtful</u>	
	79,26,148	80,73,005
	Less: Provision for Doubtful Debts	
	- Upto last year	
	80,73,005	
	- Reversed during the year	
	(7,26,768)	
	- For the year	
	49,92,640	
	1,23,38,877	
	Less: Written off during the year	
	44,12,729	(80,73,005)
	(79,26,147)	(80,73,005)
	2,42,81,978	3,24,19,418
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.	
2.11	<u>Cash & Cash Equivalents:-</u>	
i	Cash in hand	
	72,925	97,370
ii	Balance with Banks in Current accounts	
	12,23,799	2,194,443
iii	Balance with Cash Credit Account	
	54,07,477	12,52,014
iv	Other Bank balances	
	50,14,337	8,75,789
	1,17,18,538	44,19,616
	<u>Details of Balances with banks as on the date of the balance sheet are as follows:-</u>	
ii	<u>Balances with Bank in Current Accounts</u>	
a	State Bank of India Current A/c	
	72,294	46,536
b	State bank of India EEFC (USD)	
	64,255	60,617
c	ICICI Bank Account	
	22,317	24,663
d	Bank of America, New Jersey (USD)	
	0	1,557
e	Bank of America, California (USD)	
	7,17,463	20,61,070
f	HDFC Bank	
	47,470	0
g	Citibank	
	3,00,000	0
	12,23,799	21,94,443
iii	<u>Balance with Cash Credit Account</u>	
	State bank of India Cash Credit	
	(Sanctioned Limit of Rs.1 Crore)	
	54,07,477	12,52,014
a	Hypothecation of entire stocks(Raw Materials, Stock in process, Finished goods both present and future), receivables and other current assets of the unit.	

Notes forming part of the Financial Statements for the year ended 31st March, 2016

Note No	31-Mar-2016 Rs	31-Mar-2015 Rs
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 Other Bank Balances - Deposit Accounts		
a State Bank of India	50,14,337	8,75,789
Deposit Accounts		
a Deposits held under lien	60,089	60,089
b Clear Deposits	49,54,248	8,15,700
	50,14,337	8,75,789
Deposit Accounts maturity beyond 1 year		
a Deposits maturing within 1 year	49,54,248	8,15,700
b Deposits maturing beyond 1 year	60,089	60,089
	50,14,337	8,75,789
2.12 Short Term Loans & Advances:		
Unsecured - Considered Good		
i Advances - Unsecured - Considered Good	3,87,957	35,546
ii Staff Advances - Unsecured - Considered Good	7,72,097	7,14,990
iii Prepaid Expenses	5,87,815	4,54,202
	17,47,869	12,04,738
3.01 Revenue From Operations		
i Offshore Software Services	9,46,52,445	10,07,52,465
ii Information Technology Enabled Services	57,24,478	46,24,915
	10,03,76,923	10,53,77,380
3.02 Other Income:		
i Interest Receipts	2,40,847	2,18,646
ii Foreign Exchange Gain (Net)	20,89,925	19,63,550
iii Dividend Receipts	1,47,407	15,158
iv Profit on Sale of Fixed Assets	20,214	21,568
v Sundry Receipts	36,852	51,377
	25,35,245	22,70,299
Interest Receipts		
Interest from Fixed Deposits	2,40,847	99,664
Interest from Loan Advanced to Subsidiary	0	1,18,982
	2,40,847	2,18,646
3.03 Employee Benefits Expense		
i Salary & Incentives	5,84,88,594	6,04,50,796
ii Director Remuneration	33,00,000	33,00,000
iii Staff Welfare	26,27,210	28,80,699
iv Contribution to PF & ESI	36,38,660	32,12,491
v Gratuity paid	2,88,461	1,63,187
vi Retirement Benefits	4,45,986	1,92,101
	6,87,88,911	7,01,99,274
3.04 Operating & Other Expense		
i Rent	20,66,218	19,08,953
ii Professional Charges	11,70,003	22,09,915
iii Power & Fuel	19,82,874	17,90,414
iv Communication Expenses	17,68,031	15,62,816

Notes forming part of the Financial Statements for the year ended 31st March, 2016

Note No	31-Mar-2016 Rs	31-Mar-2015 Rs
v HRD Expenses	4,65,292	5,47,620
vi Travelling Expenses	30,44,636	22,55,675
vii Taxes & Licences	5,93,463	6,29,643
viii Building Repairs	1,94,129	3,18,028
ix Vehicle Repairs	1,95,683	2,84,382
x General Repairs	11,44,445	7,94,980
xi Provision for Doubtful Debts	42,65,872	43,98,574
xii Audit Fees	2,50,000	2,25,000
xiii Other Fees paid to Auditors	0	40,000
xiv Share Demat Expenses	1,46,524	1,40,451
xv Bank Charges	5,66,684	4,53,441
xvi Business Promotion & Marketing Expenses	37,053	63,777
xvii Printing & Stationery	1,76,424	2,34,050
xviii Legal & Consultancy	4,53,756	4,66,809
xix STPI Service Charges	2,75,000	1,85,394
xx Donation	82,500	55,000
xxi Sitting Fees	1,28,000	1,40,454
xxii Listing Fees / Filing Fees	2,31,320	1,16,360
xxiii Other Administrative Expenses	3,75,884	2,88,171
	1,96,13,791	1,91,09,907
3.05 Finance Cost		
i Interest paid to Bank - Cash Credit	4,525	1,38,080
ii Interest paid to Bank - Term Loan	41,802	1,37,601
iii Interest paid on Fixed Deposits	0	2,09,657
iv Interest paid on Vehicle Loans - Other Than Banks	1,05,257	85,807
v Interest paid others	2,91,229	0
	4,42,813	5,71,145
4.01		
i Pro rata depreciation has been charged on additions during the year.		
ii During the year assets which were determined to be impaired to the extent of Rs.281.34 Lakhs 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		
i Earnings in foreign currency		
a Sales	10,03,76,923	10,53,77,379
b Interest	0	1,18,982
	10,03,76,923	10,54,96,361
ii Expenditure in foreign currency		
a Travelling	4,03,841	2,30,060
b Other Administration Expenses	3,78,670	3,18,796
	7,82,511	5,48,856
4.04		
Income tax assessments have been completed upto Asst Year 2013-2014.		
4.05 Basic and Diluted Earnings Per share of Rs.10 each		
Total Equity Shares outstanding at the end of the year (in Nos)	50,50,200	50,60,000
Net Profit / (Loss) After Tax	80,56,599	93,89,753
Earnings per Share - Basic & Diluted	1.60	1.86

Notes forming part of the Financial Statements for the year ended 31st March, 2016

Note No	31-Mar-2016 Rs	31-Mar-2015 Rs
4.06	Remuneration Paid to Directors	
i G.Suresh	30,00,000	30,00,000
ii 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.	
4.07	Auditors Remuneration	
i Audit Fees	1,50,000	1,50,000
ii Tax Audit Fees	1,00,000	75,000
iii Income Tax Representation Fees	0	40,000
	2,50,000	2,65,000

4.08 Segmental Analysis for the Year Ended 31st March 2016 - Geographical Segment

Sl.No.	Particulars	31-Mar-2016	31- Mar-2015
i	Segment Revenue		
a	North America	8,12,30,159	9,02,45,869
b	Rest of the World	1,91,46,764	1,51,31,510
c	Less: Inter Segment Revenue	0	0
	Net Sales / Income from Operations	10,03,76,923	10,53,77,379
ii	Segment Result (Profit before Tax & Interest from each segment)		
a	North America	77,28,562	87,67,722
b	Rest of the World	19,05,649	18,67,626
	Total	96,34,211	1,06,35,348
c	Less: Interest	4,42,813	5,71,145
d	Less: Other un-allocable expenditure		0
e	Add: Other un-allocable income	25,35,245	22,70,299
	Profit before Tax & Extraordinary Items	1,17,26,643	1,23,34,502
iii	Capital Employed		
a	North America	7,63,73,211	7,48,09,134
b	Rest of the World	1,01,50,469	67,89,833
	Total	8,65,23,680	8,15,98,967

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

Notes forming part of the Financial Statements for the year ended 31st March, 2016

Note No	31-Mar-2016 Rs	31-Mar-2015 Rs
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 & CEO Mr.C.Ganapathy, Executive Chairman Mrs.S.Latha	
ii During the year the following transactions were carried out with related parties in the normal course of business:-		
	KMP	Subsidiary
a Salary	33,00,000	
b Rent	19,03,330	
c Income for Services rendered		50,15,095
	31-Mar-2016	31-Mar-2015
iii Amount due to related parties		
a Wholly owned subsidiary	9,18,710	0
b Others	4,611	3,74,891
iv Amount due from related parties		
a Wholly owned Subsidiary - Trade receivable	0	18,85,420
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.		
4.10 Disclosure under Accounting Standard 15 on Employee Benefits		
<u>Disclosures in respect of Defined benefit obligations in respect of gratuity pursuant to Accounting Standard 15:</u>		
The amounts recognized in the balance sheet are as follows		
Present value of obligation	30,72,813	27,82,352
Fair value of plan assets	20,51,892	5,02,819
Net Asset / (liability) recognised in the Balance sheet	(10,20,921)	(22,79,533)
<u>The amount recognized in the statement of profit and loss are as follows:</u>		
Current service cost	5,40,127	6,37,207
Interest on obligation	1,99,169	1,95,565
Expected return on plan assets	(93,140)	(40,644)
Net actuarial losses(gains) recognized in year	(2,00,170)	(6,00,027)
Total included in Labour cost	4,45,986	1,92,101
<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	27,82,352	25,87,432
Prior period adjustment	Nil	Nil
Service cost	5,40,127	6,37,207
Interest cost	1,99,169	1,95,565
Actuarial (gains)Losses	(2,52,581)	(4,77,484)
Benefits paid	(1,96,255)	(1,60,368)
Closing defined benefit obligation	30,72,812	27,82,352

Notes forming part of the Financial Statements for the year ended 31st March, 2016

Note No	31-Mar-2016 Rs	31-Mar-2015 Rs
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Changes in the fair value of plan assets representing reconciliation of the opening and closing balance thereof are as follows:

Opening fair value of plan assets	5,02,819	Nil
Expected return	93,141	40,644
Actuarial gains and (losses)	(52,411)	1,22,543
Contribution by employer	17,04,598	5,00,000
Assets acquired in an amalgamation in the nature of purchase	Nil	Nil
Exchange differences on foreign plans	Nil	Nil
Benefits paid	(1,96,255)	(1,60,368)
Closing fair value of plan assets	20,51,892	5,02,819

Balance sheet Reconciliation

Opening Net Liability	22,79,533	25,87,432
Expenses Recognised in Profit and Loss Account	4,45,986	1,92,101
Contribution made	(17,04,598)	(5,00,000)
Closing unfunded status (Surplus-Grouped under prepaid expenses)	10,20,921	22,79,533
Principal actuarial assumptions at the balance sheet date (expressed as weighted average)		
Discount rate current	7.4%	7.8%
Expected return per annum on plan assets	7.4%	8%
Salary Escalation per annum	6%	6%
Attrition rate	20%	20%

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.

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

Forward Contract to Buy	As at 31.03.2016	As at 31.03.2015
Amount in USD	3,00,000	9,50,000
Amount in INR	2,02,24,688	6,19,55,301
Number of contracts	8	20

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

Particulars	Currency	As at 31.03.2016		As at 31.03.2015	
		In USD	In INR	In USD	In INR
Trade Receivables	USD	3,07,115.70	2,03,92,482	4,75,519	2,94,82,166
Other Currencies	-	-	38 89 495	-	29,37,252
Total			2,42,81,977		3,24,19,418

4.12 Gratuity paid includes Rs.2,88,461 paid towards a claim of gratuity by a former Managing Director of the company. The said amount has been settled alongwith interest @ 10% amounting, to Rs.2,91,229 as per order of the Joint Commissioner of labour vide his order dated 24th July 2015.

Notes forming part of the Financial Statements for the year ended 31st March, 2016

Note No	31-Mar-2016 Rs	31-Mar-2015 Rs
4.13	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.	
4.14	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.	
4.15	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.	
4.16	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.	
4.17	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	
4.18	There are no amounts due to Small and Medium Enterprises due for more than 30 days as identified by the company.	
4.19	Previous year figures have been regrouped/reclassified wherever found necessary	
4.20	Figures have been rounded off to the nearest rupee.	

As per our report of even date

For S Lakshminarayanan Associates

Chartered Accountants
Firm Regn No.006609S

S Lakshminarayanan
Partner (M.No.012024)

Place : Coimbatore
Date : 26th May, 2016

For and on Behalf of the Board of Directors

G.Suresh
Managing Director

S.Muthukumar
M.Durairaj
S.Mohan
A.Sankar
S.Latha
Directors

C.Ganapathy
Executive Chairman

P.S. Subramanian
Chief Financial Officer

Shainshad Aduvanni
Company Secretary

Independent Auditors' Report**To the members 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 31st March 2016, 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 there under.

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. 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 31st March, 2016 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.4.12, 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.1403.72 Lakhs as at 31st March 2016 and total revenues of Rs.2568.06 Lakhs and net cash inflows amounting to Rs.100.89 Lakhs 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 Section 143(3) of the Act, we report, to the extent applicable, 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 relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d) In our opinion, the consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, as applicable.
 - e) On the basis of written representation received from the Directors of the Holding company as of 31st March, 2016 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2016 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 adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls; refer to our report in "**Annexure A**".
 - g) 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.4.12, 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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

S. Lakshminarayanan
Partner
M.No.012024

Place : Coimbatore
Date : 26th May, 2016

Annexure: A to Auditors Report**Annexure to Independent Auditor's Report of even date on the Consolidated Financial Statements of CG-VAK Software and Exports Limited****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

We have audited the internal financial controls over financial reporting of CG-VAK Software and Exports Limited, ("the Company") and its subsidiary CG-VAK SOFTWARE USA Inc., as of 31st March, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

Other Matter

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to CG-VAK Software and Exports Limited ("the holding company") incorporated in India and does not include the reporting of CG-VAK Software USA Inc ("the subsidiary company") incorporated outside India.

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

S. Lakshminarayanan
Partner
M.No.012024

Place : Coimbatore
Date : 26th May, 2016

BALANCE SHEET AS AT 31st MARCH 2016 (CONSOLIDATED)

Particulars	Note No	31-Mar-2016 Rs	31-Mar-2015 Rs
I EQUITY & LIABILITIES			
1 Shareholders' Funds:			
a Share Capital	2.01	5,05,02,000	5,05,33,700
b Reserves & Surplus	2.02	10,68,33,726	8,99,72,036
		15,73,35,726	14,05,05,736
2 Non-Current Liabilities:			
a Long Term Borrowings	2.03	1,89,435	7,33,584
b Other Long Term Liabilities		2,80,220	11,16,511
		4,69,655	18,50,095
3 Current Liabilities:			
a Trade Payables		2,42,81,246	2,06,42,138
b Other Current Liabilities	2.04	1,34,86,890	1,80,23,615
c Short Term Provisions	2.05	1,00,67,929	91,67,958
		4,78,36,065	4,78,33,711
Total Equity & Liabilities		20,56,41,446	19,01,89,542
II ASSETS:			
1 Non-Current Assets:			
a Fixed Assets	2.06		
- Tangible Assets		1,62,41,835	1,55,81,668
- Intangible Assets		28,20,097	27,59,508
		1,90,61,932	1,83,41,176
b Non-Current Investments	2.07	35,88,571	34,04,935
c Deferred Tax Asset (net)	2.08	42,36,644	49,06,687
d Long Term Advances	2.09	20,99,480	20,51,542
2 Current Assets:			
a Trade Receivables	2.10	9,98,76,886	10,89,80,016
b Cash & Cash Equivalents	2.11	5,96,53,622	4,22,64,560
c Short Term Loans & Advances	2.12	1,70,27,780	1,02,09,693
d Other Current Assets		96,531	30,933
		17,66,54,819	16,14,85,202
Total Assets		20,56,41,446	19,01,89,542

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

As per our report of even date

For and on Behalf of the Board of Directors

For S Lakshminarayanan Associates

Chartered Accountants
Firm Regn No.006609S

S Lakshminarayanan
Partner (M.No.012024)

Place : Coimbatore
Date : 26th May, 2016

G.Suresh
Managing Director

S.Muthukumar
M.Durairaj
S.Mohan
A.Sankar
S.Latha
Directors

C.Ganapathy
Executive Chairman

P.S. Subramanian
Chief Financial Officer

Shainshad Aduvanni
Company Secretary

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH 2016
(CONSOLIDATED)**

Particulars	Note No	31-Mar-2016 Rs	31-Mar-2015 Rs
I Income:			
a Revenue from Operations	3.01	35,21,59,121	38,71,22,876
b Other Income	3.02	25,43,730	22,78,271
Total Income		35,47,02,851	38,94,01,147
II Expenditure:			
a Employee Benefit Expenses	3.03	21,01,88,427	21,34,78,728
b Operating & Other Expenses	3.04	12,25,72,061	14,88,11,461
c Finance Cost	3.05	4,42,813	5,87,353
d Depreciation & Amortization		23,59,720	54,32,850
Total Expenditure		33,55,63,021	36,83,10,392
III Profit/(Loss) Before Taxes :		1,91,39,830	2,10,90,755
IV Tax Expense :			
a Current Tax		52,16,203	61,15,606
b Deferred Tax		6,70,043	(7,48,494)
		58,86,246	53,67,112
V Profit/(Loss) for the year :		1,32,53,584	1,57,23,643
VI Earnings Per Share :		2.62	3.12

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

As per our report of even date

For S Lakshminarayanan Associates
Chartered Accountants
Firm Regn No.006609S

S Lakshminarayanan
Partner (M.No.012024)

Place : Coimbatore
Date : 26th May, 2016

For and on Behalf of the Board of Directors

G.Suresh
Managing Director

S.Muthukumar
S.Durairaj
S.Mohan
A.Sankar
S.Latha
Directors

C.Ganapathy
Executive Chairman

P.S. Subramanian
Chief Financial Officer

Shainshad Aduvanni
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2016 (CONSOLIDATED)

Particulars	Note No	31-Mar-2016 Rs	31-Mar-2015 Rs
A CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit / (Loss) Before Tax and Extra-Ordinary Items		1,91,39,830	2,10,90,755
<u>Adjustments for</u>			
Foreign Currency Translation		67,08,292	17,89,970
Depreciation & Amortization		23,59,720	54,32,850
(Profit) / Loss on sale of Assets		(20,214)	(21,568)
Provision for Bad Debts		42,65,872	43,98,574
Unrealised Foreign Exchange gain on cash and cash equivalents		17,659	(6,849)
Interest Receipts		(2,40,847)	(99,664)
Finance Cost		4,42,813	5,87,353
Operating Profit/ (Loss) Before Working Capital Changes		3,26,73,125	3,31,71,421
<u>Adjustments for</u>			
(Increase) / Decrease in Trade Receivable		48,37,258	(48,55,450)
(Increase) / Decrease in Other Current Assets		(69,24,774)	13,42,800
Increase / (Decrease) in Trade Payables & Others		(16,51,836)	7,50,877
Changes in Working Capital		(37,39,352)	(27,61,773)
Cash Generated From Operations		2,89,33,773	3,04,09,648
Direct Taxes Paid		(39,96,638)	(36,09,183)
Net Cash Generated From Operating activities		2,49,37,135	2,68,00,465
B CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets		(30,80,474)	(44,52,066)
Purchase of Investments		(1,83,636)	(34,03,335)
Interest Receipts		2,40,847	99,664
Sale of Fixed Assets		20,214	1,97,571
Net Cash From Investing Activities		(30,03,049)	(75,58,166)
C CASH FLOW FROM FINANCING ACTIVITIES			
Increase / (Decrease) in Secured Long Term Borrowing		(5,58,258)	(6,07,704)
Increase / (Decrease) in Unsecured Long Term Borrowing		(4,90,183)	(15,29,002)
Increase / (Decrease) in Working Capital Borrowing		0	0
Dividend Paid		(25,25,193)	(25,27,050)
Corporate Dividend Distribution Taxes paid		(5,14,069)	(4,29,472)
Increase / Decrease in Bank Balances not considered as cash & cash equivalents		(41,38,548)	7,61,411
Finance Cost		(4,42,813)	(6,69,937)
Calls in arrears collected during the year		10,000	0
Net Cash From Financing Activities		(86,59,064)	(50,01,754)
Net Increase/(Decrease) in Cash & Cash Equivalents		1,32,75,022	1,42,40,545
Add: Opening Balance of Cash & Cash Equivalents		4,13,81,922	2,71,41,377
Closing Balance of Cash & Cash Equivalents		5,46,56,944	4,13,81,922

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2016 (CONSOLIDATED)

	31-Mar-2016 Rs	31-Mar-2015 Rs
Reconciliation of Cash and Cash Equivalents with the Balance Sheet		
Cash and Cash Equivalents as per Note No.2.11	5,96,53,622	4,22,64,560
Less : Bank Balances not considered as Cash and Cash equivalents		
- Deposits maturing beyond 3 months	49,54,248	8,15,700
- Deposits under lien	60,089	60,089
	5,46,39,285	4,13,88,771
Unrealised Foreign Exchange Gain/Loss - Cash & Cash Equivalents	17,659	(6,849)
Net Cash and Cash Equivalents at the end of the year	5,46,56,944	4,13,81,922

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 our report of even date

For S Lakshminarayanan Associates
Chartered Accountants
Firm Regn No.006609S

S Lakshminarayanan
Partner (M.No.012024)

Place : Coimbatore
Date : 26th May, 2016

For and on Behalf of the Board of Directors

G.Suresh
Managing Director

S.Muthukumar
M.Durairaj
S.Mohan
A.Sankar
S.Latha
Directors

C.Ganapathy
Executive Chairman

P.S. Subramanian
Chief Financial Officer

Shainshad Aduvanni
Company Secretary

*Notes forming part of the Financial Statements for the year ended 31st March, 2016 (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.
- 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.
- 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 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.
- 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 on fixed assets is provided in the accounts under Straight Line Method, based on the useful life of the assets as prescribed.
- 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 forming part of the Financial Statements for the year ended 31st March, 2016 (Consolidated)

Note No.	31-Mar-2016 Rs	31-Mar-2015 Rs
c	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.	
x	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.	
xi	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 recognised 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:	
a	70,00,000 Equity Shares of Rs. 10 each	7,00,00,000
ii	Issued, Subscribed & Paid-Up Capital:	
a	50,60,000 Equity Shares of Rs. 10 each	5,06,00,000
b	Less: Calls in Arrears (Due from Directors - Nil)	0
c	Less : Shares forfeited during the year	98,000
		0
	5,05,02,000	5,05,33,700
iii	Reconciliation of number of Equity shares:-	
a	Shares outstanding as at 1 st April 2015/ 1 st April 2014	50,60,000
b	Changes during the year	(9,800)
c	Shares outstanding as at 31 st March 2016/ 31 st March 2015	50,50,200
iv	List of shares held by shareholders holding more than 5% of the Aggregate shares in the company:-	
	Name of the Shareholder	Shares held
a	Mr.G.Suresh	Nos 9,52,060
b	Mr.K.V.Kamaraj	Nos 5,21,674
c	Mr.C.Ganapathy	Nos 4,06,350
d	Mrs.S.Latha	Nos 6,34,677
		Shares held 9,52,060 5,21,674 4,06,350 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	General Reserve	
a	General Reserve - opening balance	1,08,81,693
b	Add: Transfer During the year	1,18,307
c	General Reserve - Closing Balance	1,10,00,000
ii	Forfeited Shares	
	Forfeited Shares (amount originally paid up)	41,700
iii	Translation Reserve	
a	Reserve on Consolidation - Opening	2,66,24,997
b	Add: Translation Reserve for the year	67,08,292
c	Reserve on Consolidation - Closing	3,33,33,289
		2,48,35,027 17,89,970 2,66,24,997

Notes forming part of the Financial Statements for the year ended 31st March, 2016 (Consolidated)

Note No.	31-Mar-2016 Rs	31-Mar-2015 Rs	
iv Surplus in Profit & Loss Account			
a Profit & Loss Account - Surplus - Opening Balance	5,24,65,346	4,03,71,727	
b Add/(Loss) : Profit / (Loss) for the Year	1,32,53,584	1,57,23,643	
c Excess Provision reversed	2,337		
	6,57,21,267	5,60,95,370	
d Less: Transfer to General Reserve	1,18,307	2,81,693	
e Less: Income tax paid for prior years	1,05,072	3,06,732	
f Less: Proposed Dividend	25,25,100	25,27,134	
g Less: Provision for Tax on Dividend	5,14,051	5,14,465	
	32,62,530	36,30,024	
h Profit & loss Account - Surplus - C/fd	6,24,58,737	5,24,65,346	
	10,68,33,726	8,99,72,036	
2.03 Long Term Borrowings:-			
Unsecured Loans:-			
Vehicle Loans			
a - Others	1,89,435	7,33,584	
	1,89,435	7,33,584	
<u>Vehicle Loans - Others</u>	Pending EMI	Pending EMI	
	31-Mar-2016	31-Mar-2015	
a Toyota Financial Services Ltd	16	28	
	1,89,435	7,33,584	
	1,89,435	7,33,584	
i Interest paid at 10.49%			
ii Current maturity of long term debt are reported under current liabilities			
iii There are no continuing defaults in respect of this loan			
Details of Non Current & Current Borrowings			
	31-Mar-16	31-Mar-16	31-Mar-16
	Non Current	Current	Total
a Vehicle Loans	1,89,435	5,44,149	7,33,584
	1,89,435	5,44,149	7,33,584
	31-Mar-15	31-Mar-15	31-Mar-15
	Non Current	Current	Total
a State Bank of India Term Loan III	0	5,58,258	5,58,258
b Vehicle Loans	7,33,584	4,90,183	12,23,767
	7,33,584	10,48,441	17,82,025
2.04 Other Current Liabilities			
i Secured Current Maturities of Long term Debt			
a State Bank of India - Term Loan - III		0	5,58,258
ii Unsecured Current Maturities of Long Term Debt:			
a Vehicle Loans - Other than Banks		5,44,149	4,90,183

Notes forming part of the Financial Statements for the year ended 31st March, 2016 (Consolidated)

Note No.	31-Mar-2016 Rs	31-Mar-2015 Rs
iii Other payables		
a Salary Payable	1,14,31,729	1,03,43,282
b Other payables	15,11,012	66,31,892
	1,34,86,890	1,80,23,615
2.05 Short Term Provisions		
i Provision for Income Tax	60,07,857	46,83,218
ii Provision for Employee Benefits	10,20,921	14,43,141
iii Proposed Dividend	25,25,100	25,27,134
iv Provision for Tax on Dividend	5,14,051	5,14,465
	1,00,67,929	91,67,958

2.06 Fixed Assets (Consolidated)

Particulars	COST BLOCK				DEPRECIATION BLOCK				NET BLOCK	
	Cost As at 01- Apr- 15	Additons during the year	Sales/ Withdrawal	Cost as at 31- Mar- 16	upto 01- Apr- 15	Depreciation for the year	Sales/ Withdrawal	upto 31- Mar- 16	WDV 31- Mar- 16	WDV 31- Mar- 15
Tangible Assets										
Freehold Land	63,75,000	0	0	63,75,000	0	0	0	0	63,75,000	63,75,000
Building	47,79,598	59,927	0	48,39,525	24,91,522	1,43,817	0	26,35,339	22,04,186	22,88,076
Plant & Equipment	2,50,41,171	14,70,547	74,47,203	1,90,64,515	2,20,27,271	8,69,563	74,47,203	1,54,49,631	36,14,884	30,13,900
Vehicles	78,94,703	0	4,91,519	74,03,184	46,34,716	5,81,876	4,91,519	47,25,073	26,78,111	32,59,987
Furniture & Fittings	88,38,826	7,95,493	43,02,574	53,31,745	81,94,121	70,544	43,02,574	39,62,091	13,69,654	6,44,705
Sub Total - Tangible assets	5,29,29,298	23,25,967	1,22,41,296	4,30,13,969	3,73,47,630	16,65,800	1,22,41,296	2,67,72,134	1,62,41,835	1,55,81,668
Previous YE 31 st March 2015	6,03,79,453	33,44,309	1,07,94,464	5,29,29,298	4,41,35,286	38,30,805	1,06,18,461	3,73,47,630	1,55,81,668	1,62,44,167
Intangible assets										
Computer Software	4,72,98,801	7,54,507	1,58,93,187	3,21,60,121	4,45,39,293	6,93,919	1,58,93,187	2,93,40,025	28,20,096	27,59,508
Sub Total - Intangible Assets	4,72,98,801	7,54,507	1,58,93,187	3,21,60,121	4,45,39,293	6,93,919	1,58,93,187	2,93,40,025	28,20,096	27,59,508
Previous YE 31 st March 2015	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
Grand Total	10,02,28,099	30,80,474	2,81,34,483	7,51,74,090	8,18,86,923	23,59,719	2,81,34,483	5,61,12,159	1,90,61,931	1,83,41,176
Previous YE 31 st March 2015	10,65,70,497	44,52,066	1,07,94,464	10,02,28,099	8,70,72,534	54,32,850	1,06,18,461	8,18,86,923	1,83,41,176	1,94,97,963

2.07 Non-Current Investments: (Valued At Cost) - Other Investments
i Investment in Equity Instruments:- (Fully paid - quoted)

	31.03.2016	31.03.2015			
a	100	100	Equity Shares of Rs.10 each Union Bank of India	1,600	1600
b	45.541	3392.310	Units of Rs. 1000 each SBI Premier Liquid Fund Regular Plan (Daily Dividend)	45,689	34,03,335
c	2110.562	0	Units of Rs. 1000 each SBI Treasury Advantage Fund	35,41,282	0
				35,88,571	34,04,935
			Aggregate Cost of Quoted Investments	35,88,571	34,04,935
			Face Value of Quoted Investments	21,57,103	33,93,310
			Aggregate Market Value of Quoted Investments	36,00,056	3,419,005

2.08 Deferred Tax Asset:-

Opening Balance	49,06,687	41,58,193
Add/(Less): Provision for the Year	(6,70,043)	7,48,494
	42,36,644	49,06,687

Notes forming part of the Financial Statements for the year ended 31st March, 2016 (Consolidated)

Note No.	31-Mar-2016 Rs	31-Mar-2015 Rs
<u>Deferred Tax Assets (net)</u>		
a Fixed Assets	13,77,655	16,15,986
b Employee Benefits	4,09,810	7,96,143
c Trade Receivable	24,49,179	24,94,558
	42,36,644	49,06,687
2.09 <u>Long Term Loans & Advances:- (Unsecured Considered Good)</u>		
i Other Long term Advances		
a - Related Party - Rent advance	11,11,000	11,00,000
ii Other Advances	0	3,34,490
iii Deposits	9,88,480	6,17,052
	20,99,480	20,51,542
2.10 <u>Trade Receivables - Unsecured - considered good</u>		
i <u>Considered Good</u>		
a Outstanding for a period for more than 6 months	5,69,73,173	92,46,336
b Other Debts	4,29,03,713	9,97,33,680
ii <u>Considered Doubtful</u>	79,26,148	80,73,005
Less: Provision for Doubtful Debts		
- Upto last year	80,73,005	
- Reversed during the year	(7,26,768)	
- For the year	49,92,640	
	1,23,38,877	
- Bad debts written off	44,12,729	
	(79,26,148)	(80,73,005)
	9,98,76,886	10,89,80,016
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.		
2.11 <u>Cash & Cash Equivalents</u>		
i Cash in hand	3,98,708	4,23,153
ii Balance with Bank in Current Account	4,88,33,101	3,97,13,604
iii Balance with Cash Credit Account	54,07,476	12,52,014
iv Other Bank Balances	50,14,337	8,75,789
	5,96,53,622	4,22,64,560
<u>Details of Balances with banks as on the date of the balance sheet are as follows:-</u>		
ii <u>Current Accounts</u>		
a State Bank of India Current A/c	72,294	46,536
b State bank of India EEFC (USD)	64,255	60,617
c ICICI Bank	22,318	24,663
d Bank of America, New Jersey (USD)	0	1,557
e Bank of America, California (USD)	7,17,463	20,61,070
f HDFC Bank	47,470	0

Notes forming part of the Financial Statements for the year ended 31st March, 2016 (Consolidated)

Note No.	31-Mar-2016 Rs	31-Mar-2015 Rs
g Citibank	3,00,000	0
h Bank of America	4,76,09,301	3,75,19,161
	4,88,33,101	3,97,13,604
iii Balance with Cash Credit Account		
State bank of India Cash Credit (Sanctioned Limit of Rs.1 Crore)	54,07,477	12,52,014
a Hypothecation of entire stocks(Raw Materials, 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 Other Bank Balances - Deposit Accounts		
a State Bank of India	50,14,337	8,75,789
v Deposit Accounts		
a Deposits held under lien	60,089	60,089
b Clear Deposits	49,54,248	8,15,700
	50,14,337	8,75,789
Deposit Accounts maturity beyond 1 year		
a Deposits maturing within 1 year	49,54,248	8,15,700
b Deposits maturing beyond 1 year	60,089	60,089
	50,14,337	8,75,789
2.12 Short Term Loans & Advances		
Unsecured - Considered Good		
i Advances - Unsecured - Considered Good	3,87,957	8,19,910
ii Staff Advances	1,60,52,008	89,35,581
iii Prepaid Expenses	5,87,815	4,54,202
	1,70,27,780	1,02,09,693
3.01 Revenue from Operations		
i Software Services	35,14,49,738	38,24,97,961
ii Information Technology Enabled Services	7,09,383	46,24,915
	35,21,59,121	38,71,22,876
3.02 Other Income:		
i Interest Receipts	2,40,847	99,664
ii Foreign Exchange Income	20,89,925	19,63,550
iii Dividend Receipts	1,47,407	15,158
iv Profit on Sale of Investments	0	0
v Profit on Sale of Fixed Assets	20,214	21,568
vi Sundry Receipts	45,337	1,78,331
	25,43,730	22,78,271
Interest Receipts		
Interest from Fixed Deposits	2,40,847	99,664

Notes forming part of the Financial Statements for the year ended 31st March, 2016 (Consolidated)

Note No.	31-Mar-2016 Rs	31-Mar-2015 Rs
3.03	<u>Employee Benefit Expense:</u>	
i	18,47,47,296	18,98,97,682
ii	33,00,000	33,00,000
iii	1,77,68,024	1,67,13,267
iv	36,38,660	32,12,491
v	2,88,461	0
vi	4,45,986	3,55,288
	21,01,88,427	21,34,78,728
3.04	<u>Operating & Other Expense:</u>	
i	44,83,926	42,55,756
ii	8,34,12,811	10,60,29,766
iii	19,82,874	17,90,414
iv	39,09,632	31,32,381
v	9,35,336	8,83,103
vi	52,28,429	64,05,078
vii	1,05,45,022	1,22,70,429
viii	15,41,919	11,53,640
ix	1,94,129	3,18,028
x	7,13,929	8,73,189
xi	42,65,872	43,98,574
xii	2,50,000	2,25,000
xiii	0	40,000
xiv	1,46,524	1,40,451
xv	6,31,442	5,28,772
xvi	9,41,573	24,22,289
xvii	2,04,766	2,93,059
xviii	10,60,446	4,79,085
xix	2,75,000	1,85,394
xx	82,500	55,000
xxii	1,28,000	1,40,454
xxiii	2,31,320	1,16,360
xxiv	14,06,611	26,75,239
	12,25,72,061	14,88,11,461
3.05	<u>Finance Cost:</u>	
i	4,525	1,38,080
ii	41,802	1,53,809
iii	0	2,09,657
iv	1,05,257	85,807
v	2,91,229	0
	4,42,813	5,87,353
4.01	i Pro rata depreciation has been charged on additions during the year	
	ii During the year assets which were determined to be impaired to the extent of Rs.281.34 Lakhs 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 2013-2014	

Notes forming part of the Financial Statements for the year ended 31st March, 2016 (Consolidated)

Note No.		31-Mar-2016 Rs	31-Mar-2015 Rs
4.04	Basic and Diluted Earnings Per share of Rs.10 each		
	Total Equity Shares outstanding at the end of the year (in Nos)	50,50,200	50,46,740
	Net Profit/(Loss) after Tax	1,32,53,584	1,57,23,643
	Earnings per Share - Basic & Diluted	2.62	3.12
4.05	Remuneration Paid to Directors		
i	G.Suresh	30,00,000	30,00,000
ii	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 2016- Geographical Segment

Sl.No.	Particulars	31-Mar-2016	31- Mar-2015
a	Segment Revenue		
i	North America	33,30,12,357	37,19,91,366
ii	Rest of the World	1,91,46,764	1,51,31,510
iii	Less: Inter Segment Revenue	0	0
	Net Sales / Income from Operations	35,21,59,121	38,71,22,876
b	Segment Result (Profit before Tax & Interest from each segment)		
i	North America	1,51,33,264	1,75,32,211
ii	Rest of the World	19,05,648	18,67,626
	Total	1,70,38,912	1,93,99,837
iii	Less: Interest	4,42,813	5,87,353
iv	Less: Other un-allocable expenditure	0	0
v	Add: Other un-allocable income	25,43,730	22,78,271
	Profit before Tax & Extraordinary Items	1,91,39,829	2,10,90,755
c	Capital Employed		
i	North America	14,71,84,581	13,37,15,903
ii	Rest of the World	1,01,50,469	67,89,833
	Total	15,73,35,050	14,05,05,736

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

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 & CEO
Mr.C.Ganapathy, Executive Chairman
Mrs.S.Latha, Director

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

	KMP	Relatives of KMP
a Salary	33,00,000	
b Rent	19,03,330	
	31-Mar-2016	31-Mar-2015
iii Amount due to related parties	4,611	3,74,891

Notes forming part of the Financial Statements for the year ended 31st March, 2016 (Consolidated)

Note No.	31-Mar-2016 Rs	31-Mar-2015 Rs
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- 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.

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

	As at 31.03.2016	As at 31.03.2015
Forward Contract to Buy		
Amount in USD	3,00,000	9,50,000
Amount in INR	2,02,24,688	6,19,55,301
Number of contracts	8	20

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

Particulars	Currency	As at 31.03.2016		As at 31.03.2015	
		in USD	in INR	in USD	in INR
Trade Receivables	USD	3,07,115.70	2,03,92,482	4,75,519	2,94,82,166
Other Currencies			38,89,495		29,37,252
Total			2,42,81,977		3,24,19,418

- 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.

4.10 The subsidiary company considered in the consolidated financial statements is

	31-Mar-2016	31-Mar-2015
CG-VAK Software USA Inc Country of Incorporation - USA Proportion of Ownership - 100%		
Exchange rate of USD Currency	66.40 USD	62.00 USD
Extent of Holdings in Subsidiary Company	100%	100%
No of Shares held - Equity Shares of USD 1000 each	750	750

- 4.11 Gratuity paid includes Rs.2,88,461 paid towards a claim of gratuity by a former Managing Director of the company. The said amount has been settled alongwith interest @ 10% amounting to Rs.2,91,229 as per order of the Joint Commissioner of labour vide his order dated 24th July 2015.

- 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.

*Notes forming part of the Financial Statements for the year ended 31st March, 2016 (Consolidated)***Note No.**

- 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** Previous year figures have been regrouped/reclassified wherever found necessary.
- 4.16** Figures have been rounded off to the nearest rupee.

As per our report of even date

For S Lakshminarayanan Associates

Chartered Accountants
Firm Regn No.006609S

S Lakshminarayanan
Partner (M.No.012024)

Place : Coimbatore
Date : 26th May, 2016

For and on Behalf of the Board of Directors

G.Suresh
Managing Director

S.Muthukumar
M.Durairaj
S.Mohan
A.Sankar
S.Latha
Directors

C.Ganapathy
Executive Chairman

P.S. Subramanian
Chief Financial Officer

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

PROXY FORM

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

21ST ANNUAL GENERAL MEETING

Name of the Member(s)	:	
Registered Address	:	
Email Id	:	
Folio No. / DP ID & Client ID No.	:	

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

1. Name:.....Address:.....

Email Id:..... Signature:.....or failing him/her

2. Name:.....Address:.....

Email Id:..... Signature:.....or failing him/her

3. Name:.....Address:.....

Email Id:..... Signature:.....

as my / our Proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 21st Annual General Meeting of the Company to be held on Friday, 30th September, 2016 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:

	Resolutions	For	Against
1.	Adoption of Audited Financial Statements of the Company for the financial year ended 31 March 2016.		
2.	Declaration of Dividend on Equity Shares of the Company.		
3.	Re-appointment of Mr.C.Ganapathy (DIN: 00735840) as a Director of the Company who retires by rotation.		
4.	Appointment of M/s.N.C.Rajan & Co, Chartered Accountants as Statutory Auditors for a period of 5 years.		
5.	Re-appointment of Mr.C.Ganapathy (DIN: 00735840) as Executive Chairman of the Company.		
6.	Re-appointment of Mr.G.Suresh (DIN: 00600906) as Managing Director & CEO of the Company.		
7.	Re-appointment of Mr.A.Sankar (DIN: 03535173) as Independent Director of the Company.		
8.	Approval of charges for service of documents on the shareholders.		

Signed this day of 2016

Affix Revenue Stamp of Re.1

Signature of the Shareholder:

Signature of the Proxy holder(s):

Note: Any member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member. 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. i.e. before 4.30 P.M on Wednesday, the 28th September, 2016.

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 26th May, 2016 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.	Adoption of Audited Financial Statements of the Company for the financial year ended 31 st March 2016.				
2.	Declaration of Dividend on Equity Shares of the Company.				
3.	Re-appointment of Mr.C.Ganapathy (DIN:00735840) as a Director of the Company who retires by rotation.				
4.	Appointment of M/s.N.C.Rajan & Co, Chartered Accountants as Statutory Auditors for a period of 5 years.				
5.	Re-appointment of Mr.C.Ganapathy (DIN:00735840) as Executive Chairman of the Company.				
6.	Re-appointment of Mr.G.Suresh (DIN:00600906) as Managing Director & CEO of the Company.				
7.	Re-appointment of Mr.A.Sankar (DIN:03535173) as Independent Director of the Company.				
8.	Approval of charges for service of documents on the shareholders.				

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: 29th September, 2016 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 23rd September, 2016.
- 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 the close of working hours (17.00 hrs) on 29th September, 2016. 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 Exchanges where the Company's shares are listed.

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**(To be handed over at the entrance of the Meeting Hall)****21ST ANNUAL GENERAL MEETING**

I / We hereby record my presence at the 21st Annual General Meeting of the Company at Ardra Hall, Kaanchan, 9, North Huzur Road, Coimbatore – 641 018 on Friday, the 30th September, 2016 at 4.30 p.m.

Member's Folio No./ DP ID / Client ID No.	
Member's/Proxy's Name (in Block Letters)	
No. of Shares held	
Member's/Proxy's Signature	

Note:

Please complete this attendance slip and hand it over at the entrance of the meeting hall.



To

M/s. S.K.D.C. Consultants Limited,
Unit : CG-VAK Software And Exports Limited
 Kanapathy Towers, 3rd Floor
 1391/A-1 Sathy Road, Ganapathy
 Coimbatore 641 006.
 e-mail: info@skdc-consultants.com

UPDATION OF E-MAIL ADDRESS AND BANK ACCOUNT DETAILS

***UPDATION OF E-MAIL ADDRESS :**

E-mail ID :

Tel.No./Mobile No. :

BANK DETAILS :

Folio No./DP ID & Client ID No. :

Name of Sole/ First Shareholder :

Name of the Bank in Full & Branch :

MICR Code :

IFSC Code :

Bank Account No. as appearing on the cheque leaf :

Permanent Account Number (PAN) :

(Enclosed a cancelled cheque for verification and updating bank mandate)

SPECIMEN SIGNATURE BLOCK :

First Holder Name : First Holder Signature :

Second Holder Name : Second Holder Signature :

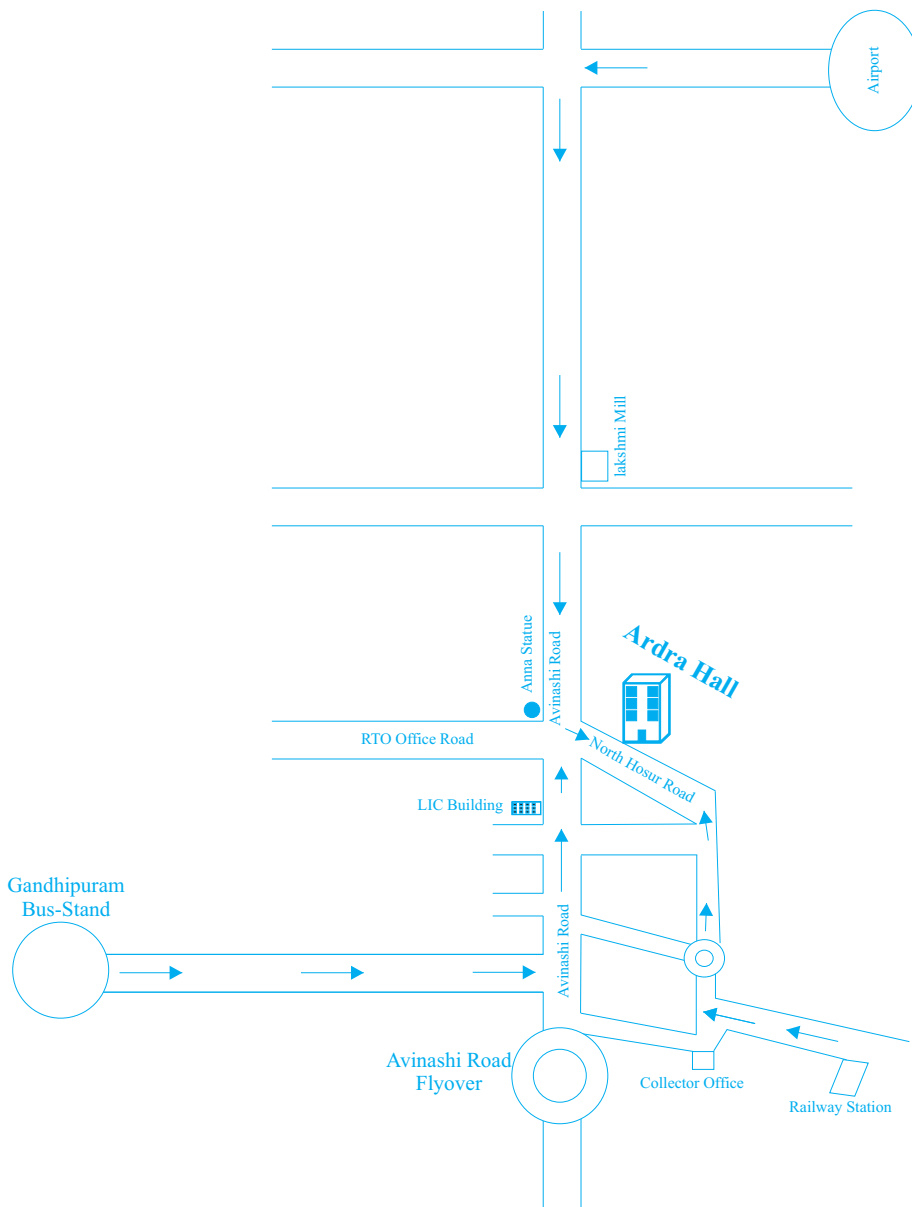
Third Holder Name : Third Holder Signature :

I/We hereby declare that the particulars given above are correct and complete. If the transaction is delayed because of incomplete or incorrect information, I/We would not hold the Company/the RTA responsible. I/We undertake to inform any subsequent changes in the above particulars before the relevant Book closure/Record Date(s). I/We understand that, the above details shall be maintained by you till I/We hold the shares in the Company under the captioned Folio No./ DP ID & Client ID No.

Place :

Date : Signature of Sole/First Holder

NOTES



Route Map to Ardra Hall



171, Mettupalayam Road
Coimbatore - 641 043 India
Ph : 91-422 - 2434491 / 92 / 93
Fax : 91-422-2440679
www.cgvak.com
CIN: L30009TZ1994PLC005568