

# 20<sup>th</sup> Annual Report 2014-15



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**BOARD OF DIRECTORS**

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

Mr.M.Durairaj, M.Sc., B.Ed.

Mr.S.Mohan, B.E.

Mr.S.Muthukumar B.Sc., B.E., M.B.A.

Mr.A.Sankar B.A.

Mrs.S.Latha B.Sc.

Mr.G.Suresh, B.E., M.B.A.

Executive Chairman

Independent Director

Independent Director

Independent Director

Independent Director

Non Executive Women Director

Managing Director & CEO

**CHIEF FINANCIAL OFFICER**

Mr.P.S.Subramanian

**COMPANY SECRETARY**

Mr.Shainshad Aduvanni

**AUDITORS**

M/s. S. Lakshminarayanan Associates

Chartered Accountants

‘Lakshya’

1056/1, Avinashi Road,

Coimbatore 641 018

**REGISTERED OFFICE & UNIT-I**

171, Mettupalayam Road,

Coimbatore-641 043.

India

CIN : L30009TZ1994PLC005568

**UNIT-II****Coimbatore**

S.F.No. 174/2, Thiruvalluvar Street

Vellakinar Pirivu Road, G.N.Mills Post

Coimbatore – 641029, India

**New Jersey**

116, Village Boulevard,

Suite No.200, Princeton,

New Jersey - 08540, USA

**REGISTRARS & SHARE TRANSFER AGENTS**

S.K.D.C. Consultants Limited

Kanapathy Towers,

3rd Floor, 1391/A-1 Sathy Road,

Ganapathy,

Coimbatore - 641 006.

**SUBSIDIARY (USA)**

CG-VAK Software USA Inc.,

1661, Tice Valley Blvd,

Suite#101, Walnut Creek,

California – 94595

CG-VAK Software USA Inc.,

100, Overlook Centre

2nd Floor, Princeton

New Jersey - 08540

**BANKERS**

State Bank of India

Union Bank of India

ICICI Bank Limited

HDFC Bank Limited

Bank of America

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

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

**ORDINARY BUSINESS:**

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

**NOTES**

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

10. The Notice of the Meeting is also displayed/posted on the websites of the Company [www.cgvak.com](http://www.cgvak.com) and that of Central Depository Services (India) Limited (“CDSL”) [www.evotingindia.com](http://www.evotingindia.com).
11. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreement, the Company is pleased to offer the facility of voting through electronic means, as an alternate, to all its Members to enable them to cast their votes electronically instead of casting their vote at a Meeting. Please note that the voting through electronic means is optional for the Members.
12. The Company has appointed Mrs. Manimekala V Raj, Practicing Company Secretary (Membership No.F5163), to act as the Scrutinizer for conducting the electronic voting process in a fair and transparent manner.
13. The procedure and instructions for voting through electronic means are, as follows:  
The instructions for shareholders voting electronically are as under:
  - (i) The voting period begins on 24<sup>th</sup> September, 2015 at 9:00 a.m. and ends on 27<sup>th</sup> September, 2015 at 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. 21<sup>st</sup> September, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
  - (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://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](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
  - (viii) If you are a first time user follow the steps given below:

<b>For Members holding shares in Demat Form and Physical Form</b>	
PAN*	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> <li>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.</li> </ul>

- (ix) After entering these details appropriately, click on “SUBMIT” tab.
  - (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - (xii) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
  - (xiii) Click on the EVSN for the relevant <CG VAK SOFTWARE AND EXPORTS LIMITED> on which you choose to vote.
  - (xiv) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
  - (xv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
  - (xvi) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed.

If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
  - (xvii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
  - (xviii) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
  - (xix) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
  - (xx) Note for Institutional Shareholders
    - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporate.
    - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
    - After receiving the login details, a compliance user should be created using the admin login and password. The compliance user would be able to link the account(s) for which they wish to vote on.
    - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
    - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
  - (xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto: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 27<sup>th</sup> September, 2015 by 5.00 p.m.
15. Members may request for physical copy of the Ballot Form by sending an e-mail to [investorservices@cgvak.com](mailto: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 27<sup>th</sup> September, 2015 by 5.00 p.m. Ballot forms received after this date will be treated as invalid.
- A member can opt for only one mode of voting i.e. either through e-voting or by Ballot. If a member casts votes by both modes, then voting done through e-voting shall prevail and Ballot shall be treated as invalid. Please note the unsigned Ballot Form will be rejected. Scrutinizer's decision on the validity of the Ballot Form shall be final.

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

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

Place: Coimbatore  
Date : 29th May, 2015

Shainshad Aduvanni  
**Company Secretary**  
ACS No. 27895

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

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

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

Place: Coimbatore  
Date : 29th May, 2015

Shainshad Aduvanni  
**Company Secretary**  
ACS No. 27895

## **DIRECTORS' REPORT**

To the Members,

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

### **FINANCIAL RESULTS 2014-15**

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

### **GLOBAL REVENUE**

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

### **STATE OF AFFAIRS OF THE COMPANY**

The contributions of business from various Geographical areas were:

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

### **FUTURE OUTLOOK**

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

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

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

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

### **QUALITY**

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

### **DIVIDEND**

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

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

### **TRANSFER TO RESERVES**

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



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

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

**DEPOSITORY SYSTEM**

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

**LISTING OF SHARES**

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

**INSURANCE**

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

**CONSOLIDATED FINANCIAL STATEMENTS**

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

**CORPORATE GOVERNANCE**

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

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

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

**MANAGEMENT DISCUSSION AND ANALYSIS**

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

**NUMBER OF MEETINGS OF THE BOARD**

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

**AUDIT COMMITTEE**

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

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

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

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

**A) CONSERVATION OF ENERGY**

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

**B) TECHNOLOGY ABSORPTION**

**a) Research & Development**

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

**b) Technology Absorption**

The Company has not absorbed technology from outside.

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

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

**C) FOREIGN EXCHANGE EARNING AND OUTGO (Rs.)**

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

**PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES**

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

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

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

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

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

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