

# 22<sup>nd</sup> ANNUAL REPORT 2016-17



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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.Harcharan J	Company Secretary

**STATUTORY AUDITORS**

M/s. N. C. Rajan & Co  
Chartered Accountants  
Selekt Enclave, First Floor,  
16, Dr. Munusamy Garden Street, Avinashi Road  
Coimbatore – 641 018.

**SECRETARIAL AUDITOR**

Manimekala V Raj  
Company Secretary  
26B/2, 1<sup>st</sup> 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.

**REGISTERED OFFICE**

171, Mettupalayam Road  
Coimbatore 641 043  
INDIA  
CIN: L30009TZ1994PLC005568

**BRANCH****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

**BANKERS**

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

**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 22<sup>nd</sup> Annual General Meeting of CG-VAK Software And Exports Limited will be held on Monday the 25<sup>th</sup> day of September, 2017 at 3.00 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, 2017 including Audited Balance Sheet as at 31<sup>st</sup> March, 2017 and the Statement of Profit and Loss for the year ended on that date and the reports of the Board of Directors (“the Board”) and Auditors thereon.
2. To declare dividend, if any.
3. To appoint a Director in the place of Mrs. S. Latha (DIN 07193433), who retires by rotation, and being eligible, offers herself for reappointment.
4. To ratify appointment of Auditors:

To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 139 and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, and pursuant to the resolution passed by the members of the Company at the 21<sup>st</sup> Annual General Meeting, the appointment of M/s. N. C. Rajan & Co, Chartered Accountants (Firm Registration No: 003426S), as Statutory Auditors of the Company for the financial year ending 31<sup>st</sup> March 2018 be and is hereby confirmed and ratified on such remuneration as may be recommended by the Audit Committee and mutually agreed between the Board of Directors of the Company and the Statutory Auditors.”

**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, in respect of Director seeking 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 19<sup>th</sup> September, 2017 to Monday, the 25<sup>th</sup> September, 2017 (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). No amounts were required to be transferred to Investor Education and Protection Fund during the year. The Unclaimed dividend for the year 2012-13, 2013-14, 2014-15 and 2015-16 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 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 cast their votes or who are unable to cast their votes through the remote e-voting facility provided can cast their vote at the Annual General Meeting through ballot papers, which will be provided at the venue of the Meeting.
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 21<sup>st</sup> September, 2017 at 9:00 a.m. and ends on 24<sup>th</sup> September, 2017 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. 18<sup>th</sup> September, 2017, 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:

For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <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.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting 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](mailto: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](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.

- (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](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

14. Once the vote on the resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
15. 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 : 29<sup>th</sup> May, 2017

Harcharan J  
**Company Secretary**  
ACS No. 33394

**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.**

Name of the Director	Mrs. S. Latha
DIN	07193433
Age	48 years
Date of appointment on Board	28/05/2014
Date of last reappointment	NA
Expertise in specific functional areas	Business
Qualification	B.Sc.,
No. of Equity Shares held in Company	7,12,204 Equity Shares (as on 31.03.2017)
Number of Meetings of the Board attended during the year 2016-2017	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 Mrs. S. Latha is a Non-executive Director there is no remuneration sought to be paid and no remuneration was drawn earlier. She is entitled only for the sitting fees.
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	NIL
Chairman/Member of the Committees of Board of Directors of other Companies in which he/she is a Director	NIL
Relationship with other Directors	Spouse of Managing Director & CEO Mr. G. Suresh and Daughter-in-law of Mr. C. Ganapathy, Executive Chairman.

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

Place: Coimbatore  
Date : 29<sup>th</sup> May, 2017

Harcharan J  
**Company Secretary**  
ACS No. 33394



## **DIRECTORS' REPORT**

To the Members,

The Board of Directors of your Company take pleasure in presenting the 22<sup>nd</sup> Annual Report on the business and operations of your Company and the Audited Financial Accounts for the year ended 31<sup>st</sup> March 2017.

### **FINANCIAL RESULTS 2016-17**

During the year under review, your Company has achieved a turnover of Rs. 1161.77 lakhs as against Rs. 1003.77 lakhs in the previous year. There is a net Profit of Rs.36.17 lakhs as against Rs. 80.57 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 is Rs.3234 lakhs as compared to Rs.3547 lakhs in the previous year.

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

The contributions of business from various Geographical areas were:

North America contributed to 82% and Rest of the World 18% of business. Business from Offshore Software Services during the year 2016-17 was Rs.1077.71 lakhs as against Rs.946.52 lakhs in the previous year. The increase has been at 14% compared with previous year.

### **FUTURE PLANS**

The global market for IT services is expected to expand and corporations are increasingly using offshore service providers to meet their IT service needs. The climate of uncertainty will push businesses to look for digital alternatives to save money and increase their competitive advantage. This increases the addressable market for offshore software services 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. We plan to deepen the client relationships and aim for growth in our repeat business. In addition to North America, our business and customer base from Africa and Europe is also expanding as planned.

Our Cloud, mobility practice has been growing significantly and we expect a good growth in this offering. The company will continue its focus on the 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 FY 2017-18.

### **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 2015-2016, your Company has paid a dividend of Rs.25.25 lakhs.

As per Companies (Accounting Standards) Amendment Rules, 2016, dividend and tax thereon will be recognized as liability on approval of shareholders at the ensuing Annual General Meeting.

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**

No amount has been transferred to the general reserve.

#### **FORFEITURE**

During the Financial Year 2015-16, partly paid-up 9800 equity shares were forfeited by your Directors at their meeting held on 11<sup>th</sup> November, 2015, for non-payment of allotment money of Rs. 5/- per share. The forfeiture was made in compliance with the Provisions of the Listing Agreement, Articles of Association of the Company and 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. The said forfeiture was approved by the BSE, and notices were also served to the defaulting Equity Shareholders.

#### **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, 2017, Equity Shares representing 90.72% 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 2017-18 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 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/ SEBI LODR 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, 2017.

However, 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/SEBI LODR forms part of this Report.