



14th Annual Report
2009



ESSEL PROPACK LIMITED

Regd Office: P. O. Vasind, Taluka Shahapur, Dist. Thane, Maharashtra-421 604

INDIAN SOUL, GLOBAL SPIRIT



INDIA OPERATIONS

UNAUDITED FINANCIAL RESULTS FOR QUARTER AND HALF YEAR ENDED 30TH JUNE, 2009

(Rs. in Lakhs)

	Particulars	Quarter ended 30th June		Half Year ended 30th June		Year ended
		2009 Unaudited	2008 Unaudited	2009 Unaudited	2008 Unaudited	31/12/2008 (Audited)
1	(a) Net Sales / Income from Operations	7804	7379	15213	14430	31224
	(b) Other operating income	273	460	727	965	2367
2	Expenditure :					
	a. (Increase) / Decrease in Stock in trade	276	(251)	238	(335)	(538)
	b. Consumption of Raw Materials	3401	3604	7063	6934	15406
	c. Employees Cost	823	999	1732	2030	3598
	d. Depreciation	581	497	1145	979	2066
	e. Other Expenditure	1750	1917	3419	3517	7899
	f. Total	6831	6766	13597	13125	28431
3	Profit from Operations before Other Income, Interest and Exceptional Items (1-2)	1246	1073	2343	2270	5160
4	Other Income	958	861	958	861	1890
5	Profit before Interest and Exceptional Items (3+4)	2204	1934	3301	3131	7050
6	(Gain)/Loss on Foreign Exchange Fluctuations (net)	122	341	129	534	895
7	Interest (net)	772	550	1466	1054	2427
8	Profit after Interest but before Exceptional Items (5-6-7)	1310	1043	1706	1543	3728
9	Exceptional Items	—	—	—	—	118
10	Profit(+)/Loss(-) before Tax for the period (8+9)	1310	1043	1706	1543	3846
11	Tax expenses	370	361	539	520	1129
12	Net Profit after tax for the period (10-11)	940	682	1167	1023	2717
13	Paid-up equity share capital (Face Value Rs.2/- each)	3131	3131	3131	3131	3131
14	Reserves excluding Revaluation reserves					55304
15	Earnings Per Share (EPS)					
	Basic and Diluted EPS before Extraordinary items (not annualised)	0.60	0.44	0.75	0.65	1.74
	Basic and Diluted EPS after Extraordinary items (not annualised)	0.60	0.44	0.75	0.65	1.74
16	Public shareholding					
	— Number of Shares (Lakhs)	643.32	643.32	643.32	643.32	643.32
	— Percentage of Shareholding	41.08%	41.08%	41.08%	41.08%	41.08%
17	Promoters and Promoters Group Shareholding					
	a) Pledged / Encumbered					
	— Number of Shares	48,801,675		48,801,675		
	— Percentage of shares (as a % of the total shareholding of Promoter and Promoter Group)	52.89%		52.89%		
	— Percentage of shares (as a % of the total Share Capital of the Company)	31.16%		31.16%		
	b) Non-encumbered					
	— Number of Shares	43,467,580		43,467,580		
	— Percentage of shares (as a % of the total shareholding of Promoter Promoter Group)	47.11%		47.11%		
	— Percentage of shares (as a % of the total Share Capital of the Company)	27.76%		27.76%		

NOTES :

- These results were reviewed by the Audit Committee and approved by the Board of Directors of the Company in its meeting held on July 23, 2009. The Statutory Auditors have carried out a Limited Review of the results for the quarter ending June 30, 2009.
- None of the Subsidiaries / Associates / JVs have been consolidated in the above results.
- In January 2009, the Company implemented new ERP system in India. Consequently, inventory has been valued on weighted average basis instead of First In First Out (FIFO) basis followed earlier. Impact of this change is not determinable.
- The Company has adopted amended provisions of AS-11 as per Companies (Accounting Standards) Amendment Rules 2009 relating to "The Effects of Changes in Foreign Exchange Rates" in the previous quarter ended March 31, 2009. Accordingly, necessary effect has been given in the Half Year / Quarter ended June 30, 2009.
- Effective from January 1, 2009, the Company has amortised ancillary costs incurred in connection with the arrangement of long term borrowings over the tenure of the borrowings. The impact on Profit before Tax for the quarter is Rs. 395 lakhs.
- In view of Note nos. 3, 4 and 5 figures for the Quarter and Half Year ended June 30, 2009 and corresponding period 2008 are not comparable.
- Interest of Rs.772 lakhs is net of income of Rs.1,125 lakhs for the quarter ended June 30, 2009.
- Under AS-17, the Company has only one major identifiable business segment viz. Plastic Packaging Material.
- The number of Investor Complaints at the beginning and pending at the end of the quarter is Nil. Two Complaints were received and resolved during the quarter.
- Figures of the previous period have been regrouped wherever considered necessary.

For ESSEL PROPACK LIMITED

ASHOK KUMAR GOEL

Vice Chairman & Managing Director

Place : Mumbai
Date : July 23, 2009



ESSEL PROPACK LIMITED

Regd Office: P. O. Vasind, Taluka Shahapur, Dist. Thane, Maharashtra-421 604

INDIAN SOUL, GLOBAL SPIRIT

Essei
GROUP

GLOBAL OPERATIONS

UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR QUARTER AND HALF YEAR ENDED 30TH JUNE, 2009

(Rs. In Lakhs)

	Particulars	Quarter ended		Half Year ended		Year ended
		30/06/2009 Unaudited	30/06/2008 Unaudited	30/06/2009 Unaudited	30/06/2008 Unaudited	2008 (Audited)
1	a. Net Sales / Income from Operations	33310	31079	65596	59310	128836
	b. Other Operating Income	59	49	111	108	274
	Total	33369	31128	65707	59418	129110
2	Expenditure :					
	a. (Increase)/ Decrease in Stock in Trade	1129	(232)	973	(582)	(883)
	b. Consumption of Raw Materials	12990	14875	27100	27304	58981
	c. Employees cost	6481	6253	12941	11943	25345
	d. Depreciation	2808	2602	5737	4932	11199
	e. Other Expenditure	6796	6683	13298	12514	28453
	f. Total	30204	30181	60049	56111	123095
3	Profit from Operations before Other Income, Interest and Exceptional items (1-2)	3165	947	5658	3307	6015
4	Other Income	209	1035	413	1057	383
5	Profit before Interest and Exceptional items (3+4)	3374	1982	6071	4364	6398
6	(Gain)/Loss on Foreign Exchange Fluctuations (Net)	(544)	848	(8)	784	5174
7	Interest	2000	1377	3801	2667	6192
8	Profit after Interest but before Exceptional items (5-6-7)	1918	(243)	2278	913	(4968)
9	Exceptional items	(118)	—	(118)	—	118
10	Profit (+) / Loss (-) from ordinary activities before Tax (8+9)	1800	(243)	2160	913	(4850)
11	Tax expenses	1121	(597)	1849	1217	3456
12	Net Profit (+) / Loss (-) from ordinary activities after tax (10-11)	679	(840)	311	(304)	(8306)
13	Add: Share of Profit from Associate company	18	15	37	35	78
14	Less : Minority Interest	173	150	334	256	603
15	Net Profit (+) / Loss (-) from ordinary activities after tax (12+13-14)	524	(975)	14	(525)	(8831)
16	Paid-up Equity Share Capital (Face Value Rs. 2/-each)	3131	3131	3131	3131	3131
17	Reserves excluding Revaluation Reserves as per Balance Sheet of previous accounting year					66787
18	Earnings per Share (EPS)					
	Basic & Diluted EPS before Extraordinary items (not annualised)	0.33	(0.62)	0.01	(0.34)	(5.64)
	Basic & Diluted EPS after Extraordinary items (not annualised)	0.33	(0.62)	0.01	(0.34)	(5.64)
19	Public Share Holding					
	— Number of Shares (Lakhs)	643.32	643.32	643.32	643.32	643.32
	— Percentage of Shareholding	41.08%	41.08%	41.08%	41.08%	41.08%


NOTES:

- The above Consolidated results were reviewed by the Audit Committee and approved by the Board of Directors of the Company in its meeting held on 23rd July, 2009.
- Interest of Rs. 2000 Lakhs is net of receipt of Rs. 649 Lakhs for the quarter ended 30th June, 2009. Interest cost has been impacted by higher global Interest rates and increased borrowings.
- The Company has adopted amended provisions of AS -11 as per Companies (Accounting Standards) Amendment Rules 2009 related to "Effects of the changes Foreign Exchange Rate" in the previous quarter ended 31st March, 2009. Accordingly, necessary effect has been given in the Half Year/Quarter ended 30th June, 2009.
- The Company during the year has implemented new ERP system globally across its various units. Consequently Inventory has been valued on weighted average basis, instead of First in first out (FIFO) basis followed earlier. The impact of this change is not determinable.
- Exceptional items represent one-time severance pay and contract termination expenses, of an overseas unit as part of company's cost-restructuring initiative.
- The Management has identified geographical segment as the primary segment pursuant to Accounting Standard 17 for purposes of segment reporting of the Company and its Subsidiaries, Joint Ventures and Associates. These geographical segment have been identified considering the differential risk and returns, the Corporate organization structure and the internal financial reporting system.
- Geographical Segmentation
 - Africa, Middle East and South Asia (AMESA) Region consists of operations in India, Nepal and Egypt.
 - East Asia Pacific (EAP) Region consists of operations in China, Philippines and Singapore.
 - Americas Region consists of operations in United States of America (including Medical Device Business) and Latin America.
 - Europe Region consists of operations in Germany, United Kingdom, Poland and Russia.

(Rs. In Lakhs)

	Particulars	Quarter ended		Half Year ended		Year ended
		30/06/2009 Unaudited	30/06/2008 Unaudited	30/06/2009 Unaudited	30/06/2008 Unaudited	31st December 2008 (Audited)
1	Segment Revenue					
	A. AMESA	12,800	11,683	25,497	22,316	50,045
	B. EAP	5,306	4,404	9,983	8,971	21,461
	C. Americas	12,540	10,071	25,051	18,735	41,984
	D. Europe	2,723	4,970	5,177	9,396	15,571
	E. Unallocated	—	—	—	—	49
	Net Sales / Income From Operations	33,369	31,128	65,707	59,418	129,110
2	Segment Results					
	Profit (+) / (Loss)(-) before interest and tax from Each Segment					
	A. AMESA	2,699	870	5,115	2,565	8,411
	B. EAP	1,587	1,042	3,232	2,482	7,399
	C. Americas	955	736	1,904	1,657	1,319
	D. Europe	(1,031)	(1,746)	(2,164)	(2,944)	(9,247)
	Unallocated	188	745	280	935	5,778
	Total	4,398	1,647	8,367	4,695	13,660
	Add: Gain/(Loss) on Foreign Exchange Fluctuations (Net)	544	(843)	8	(566)	(5,174)
	Less : Inter Segmental elimination	(1,143)	419	(2,414)	(549)	(7,263)
	Segment Result	3,799	1,223	5,961	3,580	1,223
	Add: Interest Income	732	484	1,396	954	2,199
	Less: Interest Expenses	(2,731)	(1,950)	(5,197)	(3,621)	(8,390)
	Add/(Less): Exceptional Item					118
	Total Profit Before Tax	1,800	(243)	2,160	913	(4,850)
3	Capital Employed (Segment Assets - Segment Liabilities)					
	A. AMESA	67,360	56,654	67,360	56,654	61,941
	B. EAP	28,133	25,000	28,133	25,000	28,329
	C. Americas	34,535	28,411	34,535	28,411	34,021
	D. Europe	12,826	14,579	12,826	14,579	15,490
	E. Unallocated	(11,209)	5,721	(11,209)	5,721	(17,996)
	Less : Inter Segmental elimination	(55,358)	(49,114)	(55,358)	(49,114)	(51,867)
	Total	76,287	81,251	76,287	81,251	69,918
8	Figures of the previous period have been regrouped wherever considered necessary.					

For ESSEL PROPACK LIMITED



ASHOK KUMAR GOEL

Vice Chairman & Managing Director

Place : Mumbai

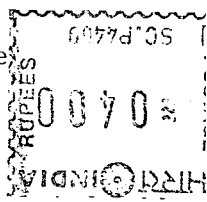
Date : 23rd July, 2009

BOOK-POST

If Undelivered please return to:

Sharepro Services (India) Pvt. Ltd.,

Unit : Essel Propack Limited
Samhita Warehousing Complex,
13A, B-53, 2nd Floor,
Sakinaka Telephone Exchange Lane,
Andheri Kurla Road, Sakinaka,
Mumbai-400 072



BOARD OF DIRECTORS

C.Ganapathy, B.Sc., (Agri.)
Chairman

M.Durairaj, M.Sc., B.Ed.,
Director

S.Muthukumar, B.Sc., B.E.
Director

S.Mohan, B.E.
Director

G.Suresh, B.E., M.B.A.
Managing Director

REGISTERED OFFICE

171, Mettupalayam Road,
Coimbatore – 641 043
INDIA.

SUBSIDIARY

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

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

AUDITORS

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

BANKERS

State Bank of India
Commercial Branch
1443, Trichy Road
P.B. No. 3902
Coimbatore – 641 018.

REGISTRARS & SHARE TRANSFER AGENTS

S.K.D.C. Consultants Limited
No.7(Old No.11), Street No.1
S.N. Dass Layout,
West Power House Road,
Coimbatore – 641 012.

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NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the 14th Annual General Meeting of the Shareholders of the Company will be held on Monday the 31st of August 2009 at 4.30 P.M. at Hotel Annalakshmi, 106-A, Race Course Road, Coimbatore- 641 018, to transact the following business.

AGENDA**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2009 and the Profit and Loss Account for the year ended on that date together with the Reports of Directors' and Auditors' thereon.
2. To appoint a Director in the place of Mr. S. Muthukumar who retires by rotation and is eligible for re appointment.
3. 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.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:
RESOLVED THAT pursuant to Sec.198, 269, 309, 311, 314 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the revision of remuneration of Mr.G.Suresh, Managing Director, w.e.f. 01.04.2009 to 31.08.2010 as set out hereunder:

- (A) Salary
Salary of Rs. 2,50,000/- per month
Commission on net profit: One percent of the net profits of the Company.
- (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 India.
Note: Family for the purpose of Leave Travel shall besides the Managing Director, consist of spouse, wholly dependent parents and wholly dependent children of the Managing Director.
 - (4) Medical Benefit:
Actual expense incurred for the Managing Director and his family members.
 - (5) Contribution to Provident Fund
 - (6) Telephone:
The Company shall provide telephone at residence for office use.
 - (7) Personal Accident Insurance.

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

Resolved further that in the absence or inadequacy of profits in any financial year, the Managing Director 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 XIII to The Companies Act, 1956, as in force, from time to time.

Place: Coimbatore
Date: 25.06.2009

By Order of the Board
G.SURESH
Managing Director

EXPLANATORY STATEMENT

(Pursuant to Section 173 of The Companies Act, 1956)

Item No.4

Mr.G.Suresh was re-appointed as Managing Director for a period of 5 years with effect from 1st September 2005 on a remuneration of Rs.50,000/- per month with perquisites and the same was approved in the Annual General Meeting held on 30th September 2005. The Board of Directors at their meeting held on 29th January 2009, on the recommendation of the Remuneration Committee, have increased the remuneration from Rs.50,000/- to Rs.2,50,000/- per month to Mr.G.Suresh, from 1st April 2009 to 31st August 2010, with the perquisites as stated in the resolution. Mr.G.Suresh's tenure of appointment as Managing Director expires on 31st August 2010. Your Directors place the resolution for your approval.

Mr.C.Ganapathy, Chairman and Mr.G.Suresh, Managing Director are interested in the said resolution.

Place: Coimbatore

Date: 25.06.2009

By Order of the Board

G.SURESH

Managing Director

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and to vote on his behalf and such a proxy need not be a member of the Company.
2. Instruments of Proxy for use at the above meeting must be lodged at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 26.08.2009 to 31.08.2009 (both days inclusive).
4. Members are requested to bring their copy of the Annual Report with them to the Annual General Meeting.
5. Brief resume of the director seeking appointment / reappointment and other details as stipulated under Clause 49 of listing agreement are provided in the report on corporate governance forming part of Annual Report 2009.
6. Members who are holding shares in physical form are requested to intimate immediately their change of address and change of bank a/c if any to the company/ registrar / share transfer agent quoting reference of their registered folio Number.
7. Members who are holding in electronic form are requested to intimate immediately their change of address and change of Bank a/c if any to the respective Depository Participant / registrar / share transfer agent quoting their reference of registered Folio Number.
8. If you have registered in the same name or in the same order of name but in several folios please let us know so that we can consolidate them into one folio.
9. Please note that dividend remaining unclaimed for 7 years are now required to be transferred to Investor Education & Protection Fund - established by the Central Government and you shall not be able to claim any unpaid dividend from the said fund or from the company thereafter.

DIRECTOR'S REPORT

Dear Members,

The Directors of your Company take pleasure in presenting the 14th Annual Report on the business of your Company and the Audited Financial Accounts for the year ended 31st March 2009.

Financial Results 2008-09

During the year under review, your Company has achieved a turnover of Rs. 723 lakhs as against Rs. 605 lakhs in the previous year. The Net Profit for the year Rs. 19.01 lakhs as against the net loss Rs. (54.16) 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.20.28 crores as compared to Rs. 18.09 crores in the previous year.

Review of Business

The year under report had been a challenging one for your Company due to global economic slowdown. There is growth of 20% in revenue.

The contributions of business from various markets were:

Software services contributed to 88% and BPO services 12 %

The contribution of offshore business has grown significantly over the last year. The offshore to on-site mix is 2.1:1 as compared to 1:1.1 in the previous year. There is a growth of 70% in the offshore revenue.

Business from Offshore Software Services was Rs.404.87 lakhs during the year 2008-2009 as against Rs. 195.25 lakhs in the previous year. The increase has been at 107% compared with previous year.

Our BPO Service line has done a business of Rs. 86.10 lakhs during the year 2008-09 as against Rs.93.44 lakhs during the previous year.

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 9001:2000 standards.

Future Plans

The IT services market is expected to be challenging and pricing pressures are predicted in the current year. The company has been growing positively in the offshore services segment for the last 3 years and this momentum in the offshore front is likely to continue this year also. The Key differentiation for CG-VAK has been the ability to react to the customer needs more quickly. By virtue of our smaller size we are able to make radical changes to meet the changing needs of the market. The company will give focus on cost and operational efficiencies in this recessionary environment to sustain its competitiveness.

The company has made success in OPD (Out-sourced Product development) market space by acquiring and retaining customers. The company will increase its focus on this segment. The contribution from Australia and UK is expected to grow positively. The Company should perform better in the ensuing financial year 2009-10.

Dividend

As the company is passing through a very challenging phase, your Directors do not consider prudent to recommend any dividend for the financial year ended March 31, 2009.

US Subsidiary-CG-VAK Software USA Inc.

Your Company's Wholly Owned Subsidiary at USA, CG-VAK Software USA Inc. has made a Sales Turnover of US\$ 2.98 million during this year, compared to the US\$ 3.18 million during the previous year.

As required under Section 212 of The Companies Act, 1956, the Annual Report of M/s. CG-VAK Software USA Inc. is annexed to this report.

Directors

S. Muthukumar is retiring by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

Auditors

M/s. S. Lakshminarayanan Associates, Chartered Accountants, Coimbatore retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

Public Deposit

The Deposits accepted by your Company are within the prescribed limits and the provision of Section 58-A of the Companies Act, 1956, and the rules framed thereunder are complied with. There are no unclaimed deposits as on 31.03.2009.

Information pursuant to Section 217(1)(e) of the Companies Act, 1956.

As per the requirement of Section 217(1)(e) of The Companies Act, 1956, read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988, the information regarding conservation of energy, technology absorption and foreign exchange earnings and outgo are appended hereto and form part of this report.

Particulars of Employees

There is no employee who is in receipt for remuneration in excess of the limits set under Section 217(2A) of The Companies Act, 1956, read with Companies (Particulars of Employees Rules 1975).

Director's Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors have:

1. Followed in the preparation of the Annual Accounts, the applicable accounting standards.
2. Selected such accounting policies and applied them consistently and made judgments 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 financial position of the Company for the period.
3. Taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of The Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- and
4. Prepared the attached statement of accounts for the year ended 31st March 2009 on a going concern basis.

Corporate Governance

The Board of Directors of your Company has taken all necessary steps to comply with Clause 49 of the Listing Agreement with The Stock Exchanges, which becomes applicable to the Company from the Financial Year 2002 - 2003.

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 overseas, turning every milestone to reach our corporate vision.

Place : Coimbatore

Date : 25.06.2009

By Order of the Board
C. GANAPATHY
Chairman

**INFORMATION PURSUANT TO THE COMPANIES
(DISCLOSURE OF PARTICULARS IN THE REPORT OF DIRECTORS) RULES 1988**

FORM A - NOT APPLICABLE

FORM B

A. RESEARCH AND 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 application 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. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange Earnings Rs. 7,16,87,088/-

Foreign Exchange Outgo

Foreign Travel Rs. 2,45,049/-

Cost of Services Rs. 2,64,05,118/-

Others Rs. 14,72,013/-

Software Purchase Rs. 32,82,630/-

Total Rs. 3,14,04,810/-

Place : Coimbatore

Date : 25.06.2009

By Order of the Board

C.GANAPATHY

Chairman

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956
RELATING TO SUBSIDIARY COMPANY**

1. Name of the Subsidiary : CG-VAK Software USA Inc.
2. Financial year ended : 31.03.2009
3. No. of shares in the Subsidiary : 750 equity shares of \$1000/- each
as on the above date
4. Percentage of holding Equity : 100%
5. Net aggregate of profits or losses
for the current financial year of the
subsidiary so far as it concerns the
members of the holding company
 - a. Dealt with or provided in the : Nil
accounts of the holding company
 - b. Not Dealt with or provided in the : USD 30,283/-
accounts of the holding company
6. The net aggregate of profit or losses
for the previous financial years of the
subsidiary so far as it concerns the
members of the holding company
 - a. Dealt with or provided in the : Nil
accounts of the holding company
 - b. Not Dealt with or provided in the : USD 3,88,949/-
accounts of the holding company

C.GANAPATHY

Chairman

Place : Coimbatore

Date : 25.06.2009

G.SURESH

Managing Director

S.MUTHUKUMAR

Director

S.MOHAN

Director

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

I. Company's Philosophy on Corporate Governance

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

II. Board of Directors

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

Name of Director	Category of Directorship	No. of Board Meetings Attended	Attendance in last AGM
Mr.C.Ganapathy	Executive Chairman	9	Yes
Mr.G.Suresh	Managing Director	8	Yes
Mr.M.Durairaj	Independent Director	1	No
Mr.S.Muthukumar	Independent Director	9	Yes
Mr.S.Mohan	Independent Director	8	No

Number of other Companies or Committees the Directors of the Company is Director/Member/Chairman

Name of Director	Other Directorship	Other Committee Position	
		Member	Chairman
Mr.C.Ganapathy	2	Nil	Nil
Mr.G.Suresh	1	Nil	Nil
Mr.M.Durairaj	Nil	Nil	Nil
Mr.S.Muthukumar	Nil	Nil	Nil
Mr.S.Mohan	Nil	Nil	Nil

Nine Board Meetings were held during the 12 month period ended 31.03.2009. The dates of the Board Meetings were held are 07.04.08, 19.04.08, 23.04.08, 30.06.08, 30.07.08, 31.10.08, 01.12.08, 07.01.09 and 29.01.2009.

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, 1956.

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

Name of the Member	Number of Meeting Attended
Mr.S.Muthukumar - Chairman	5
Mr.S.Mohan	5
Mr.M.Durairaj	1

The Committee met five times during the year on 19.04.08, 28.06.08, 29.07.08, 27.10.08 and 23.01.2009.

IV. Remuneration Committee

The Remuneration Committee has been constituted for the purpose of approving from time to time, the remuneration payable to the Managing Director and Executive Director's and to discharge any other statutory duties & functions as may specified under the law, or to performs such tasks as may be entrusted by the Board of Directors from time to time.

The Remuneration Committee consists of three Independent Directors. The Composition of the Committee is as below:

Name of the Member	Number of Meeting Attended
Mr.S.Muthukumar - Chairman	1
Mr.M.Durairaj	1
Mr.S.Mohan	1

One meeting was held on 07.01.2009 during the year 2008-09.

Details of the remuneration paid to the Directors during the year ended 31st March 2009.

I. Executive Directors

Name	Position	Salary	Commission	Total Remuneration
Mr.G.Suresh	Managing Director	Rs.6.00 lakhs	Nil*	Rs.6.00 lakhs
Mr.C.Ganapathy	Executive Chairman	Rs.3.00 lakhs	Nil*	Rs.3.00 lakhs

* The Managing Director and the Executive Chairman have waived their commission due to them.

II. Non-Executive Directors

Name	Sitting Fees
Mr.M.Durairaj	Rs.1,000/-
Mr.S.Muthukumar	Rs.9,000/-
Mr.S.Mohan	Rs.8,000/-

V. Investor's Grievance Committee

The terms of reference of this Committee encompasses formulation of shareholder's servicing policies, looking into redressal of shareholders complaints.

No. of complaints received : Nil
Pending Complaints : Nil

The Investor's Grievance Committee consists of One Executive Director and Two Independent Directors.

The Composition of the Committee is as under:

Name of the Member
Mr.S.Muthukumar - Chairman
Mr.M. Durairaj
Mr.S.Mohan

The Committee met four times during the year on 05.04.08, 02.07.08, 06.10.08 and 05.01.2009.

Compliance Officer – Mr.R. Suresh held the position up to November 2008. Mr. R. Chandrasekaran posted to this position with effect from 1st December 2008.

The Company has exclusively designated the following e-mail id for Investor Relations: chandru@cgvakindia.com from 1st December 2008.

VI. Annual General Meetings

Particulars of Annual General Meeting held in the last three years

AGM	Financial Year	Date	Time	Venue
11 th	2005-2006	27.09.2006	4.30 P.M.	Hotel Annalakshmi, 106-A, Race Course, Coimbatore
12 th	2006-2007	28.09.2007	4.30 P.M.	Hotel Annalakshmi, 106-A, Race Course, Coimbatore
13 th	2007-2008	26.09.2008	4.30 P.M.	Hotel Annalakshmi, 106-A, Race Course, Coimbatore

There were no special resolutions passed by the shareholders during the last three years. No special resolution requiring a postal ballot was placed before the last Annual General Meeting.

VII. Code of Conduct

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

VIII. Disclosures

- (a). None of the transaction with any of the related parties were in conflict with the interest of the Company.
- (b). There has been no instances 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.
- (c). The Company is not implementing whistle blower Policy. However no personnel has been denied access to the Audit Committee of the Company.
- (d). The Company has implemented all mandatory requirement of Clause 49 of the listing agreement. Details of compliance of non mandatory requirement is given below.
 - 1). Chairman of the Board : The Company has an Executive Chairman.
 - 2). Remuneration Committee : The Company has formed remuneration committee. Details of the committee are given in point No.IV of the report on Corporate Governance.

IX. Means of Communications

The Management Discussion and Analysis forms part of the Annual Report.
Quarterly results are published in the pro-forma prescribed by Stock Exchanges.

Period	Approved on	Name of Newspaper – English / Tamil
1 st Quarter 30.06.08	30.07.2008	Trinity Mirror / Makkal Kural
2 nd Quarter 30.09.08	31.10.2008	Trinity Mirror / Makkal Kural
3 rd Quarter 31.12.08	29.01.2009	Trinity Mirror / Makkal Kural
4 th Quarter 31.03.09	25.06.2009	Trinity Mirror / Makkal Kural

As the Company publishes the audited results within the stipulated period of 3 months 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 annual financial results of the Company are also communicated in the prescribed pro-forma to Stock Exchange and also published in the newspapers.

The Company is filing/submitting its Shareholding Pattern, Financial Results and Report on Corporate Governance on quarterly basis to the Stock Exchanges.

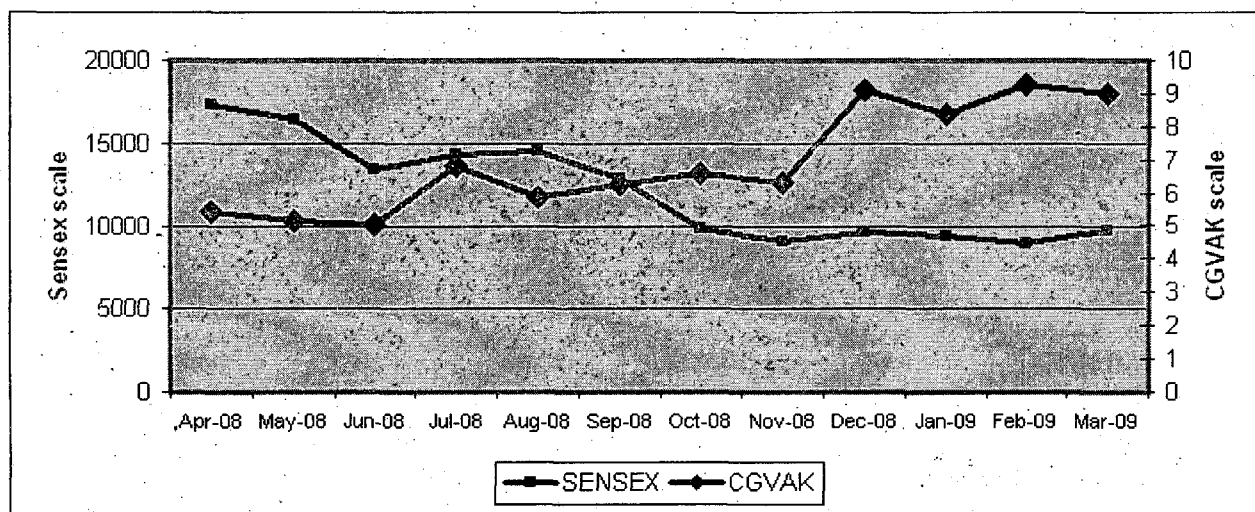
X. Shareholder's Information

1. AGM – Date , Time & Venue : 31.08.2009 at 4:30 pm
Hotel Annalakshmi
106-A, Race Course Road,
Coimbatore – 641018.
2. Financial Calendar for the year 2009-2010 :
 - First Quarter Results : End July 2009
 - Second Quarter Results : End October 2009
 - Third Quarter Results : End January 2010
 - Fourth Quarter Results : End June 2010
3. Date of Book Closure : 26.08.2009 to 31.08.2009 (Both days inclusive)
4. Dividend payment due date : No dividend recommended
5. Listing on Stock Exchange : Bombay Stock Exchange,
P.J.Towers, Dalal Street,
Mumbai – 400 001.
- Type of Security : Equity
6. Stock Code : 531489, CG VAK SOF E
ISIN : INE084D01010
7. Application for delisting of shares from Coimbatore Stock Exchange filed.

8. Market Price Data
Share Price for the year 2008 - 09

Month	High	Low	Close
Apr-08	6.55	4.76	5.41
May-08	6.20	4.61	5.16
Jun-08	5.99	4.00	5.04
Jul-08	6.79	5.13	6.79
Aug-08	6.60	5.20	5.85
Sep-08	6.54	5.52	6.25
Oct-08	6.93	5.71	6.60
Nov-08	7.34	6.30	6.31
Dec-08	9.20	6.30	9.10
Jan-09	9.55	7.76	8.39
Feb-09	9.31	6.77	9.27
Mar-09	9.72	8.08	8.99

9. Movement of Share Price – BSE during 2008 – 09



10. Registrar and Share Transfer Agents

S.K.D.C. Consultants Ltd.,
 No.7 (Old No.11), Street No.1, S.N.Dass Layout,
 West Power House Road, Coimbatore – 641 012.
 Ph: 0422-6549995
 Email id: info@skdc-consultants.com

11. Share Transfer System

The Investor Relation Committee approves share transfers and related activities.

The average time taken for processing of share transfers including despatch of share certificates was 15-20 days.

The time taken to process for dematerialization request was 1 to 9 days from the date of receipt of request.

12. Distribution of Shareholding

Shareholding pattern as on 31 st March 2009

Value (Rs.)	No. of Share Holders	%	Amount(Rs.)	%
Upto – 5,000	3,151	79.15	63,03,880	12.46
5,001 – 10,000	411	10.32	35,81,150	7.08
10,001 – 20,000	172	4.32	27,91,470	5.52
20,001 – 30,000	108	2.71	27,53,030	5.44
30,001 – 40,000	25	0.63	8,87,960	1.75
40,001 – 50,000	33	0.83	15,30,470	3.02
50,001 – 1,00,000	39	0.98	30,03,600	5.94
1,00,000 and above	42	1.06	2,97,48,440	58.79
Total	3,981	100.00	5,06,00,000	100.00

Distribution of Shareholding as on 31.03.2009

Category	No. of Shares Held	Percentage of Shares held
A. Promoter's Holding		
1. Promoters Indian Promoters	14,13,797	27.94
- Foreign Promoters	0	0
2. Persons acting in concert	0	0
Subtotal	14,13,797	27.94
B. Non-Promoters Holding		
3. Institutional Investors	0	0
a. Mutual Funds and UTI	0	0
b. Bank; Financial Institutions, Insurance Companies (Central/State Govt. Institutions/Non-Government Institutions)	0	0
c. Foreign Institutional Investors	0	0
Subtotal	0	0
4. Others		
a. Private Corporate Bodies	1,09,788	2.17
b. Indian Public	35,17,367	69.51
c. NRI's/OCB's	19,048	0.38
d. Any Other (Please Specify)	0	0
Subtotal	36,46,203	72.06
C. GDR and ADR holding	0	0
GRAND TOTAL	50,60,000	100.00

13. Shares dematerialised as on 31.03.2009

Shares Dematerialised with

: 78.54%

 : National Securities Depository Limited,
 Trade World, 4 th 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.
 : Commenced with effect from March '2001.

Dematerialisation of shares

14. Address for Correspondence :

 M/s. S.K.D.C. Consultants Limited,
 No.7 (Old No.11), Street No.1,
 S.N. Dass Layout, West Power House Road,
 Coimbatore – 641012.
 Phone : 0422 – 6549995
 Fax : 0422 – 2499574
 e-mail : info@skdc-consultants.com

15. Address for Communication to the Company :
CG-VAK Software & Exports Limited,
171, Mettupalayam Road,
Coimbatore – 641043.
Phone : 0422 – 2434491/92/93
Fax : 0422 – 2440679
e-mail : chandru@cgvakindia.com

16. Website of the Company : www.cgvak.com

17. Plant Location :

India

CG-VAK Software & Exports Ltd.,
171, Mettupalayam Road,
Coimbatore – 641043.
India.

New Jersey

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

California

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

Sharjah

CG-VAK Software & Exports Ltd.,
M3 HSBC Bank Building,
King Faisal Road,
P.O. Box 25096,
Sharjah, U.A.E.

Retirement of Director

Mr.S.Muthukumar is retiring by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment.

Profile : Name : Mr.S.Muthukumar
Date of appointment : 23.09.2002
Status : Director
Other Directorship : Nil

Age : 49 years
Qualification : B.E.
Profession : Business
Share Holding : Nil

Place : Coimbatore
Date : 25.06.2009

By Order of the Board
C.GANAPATHY
Chairman

CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT FOR BOARD OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

CEO Declaration

I,G.Suresh, Managing Director hereby certify that the Board of Directors and the Senior Management Personnel have affirmed compliance with the Code of Conduct laid down by the Board of Directors.

Place : Coimbatore
Date : 25.06.2009

G.Suresh
Managing Director

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

The Global Software and Services market touched over USD 950 billion in 2008 achieving a growth of 6.2% over the previous year. The Indian software and BPO industry faced a very tough year mainly due to the Global Macro economic factors and US financial meltdown. The Indian Software and Services exports reached USD 47 billion achieving a growth of 16%. The global technology related spending is expected to reduce for the first 2-3 quarters of 2009 on account of the downturn but is expected to pick up in 2010.

BPO services exports from India has touched USD 12.8 billion and has grown by 17% over previous year. The US and UK market continues to be the major segment contributing over 79% of the Indian IT and BPO service exports.

2. Operational performance

During the year under review your Company has achieved a turnover of Rs.723 lakhs as against Rs.605 lakhs resulting in increase of 20% as compared to the previous year. The Net Profit for the year is Rs.19.01 Lakhs as against the net loss of Rs. 54.16 lakhs in the previous year.

The company strengthened its focus on the Outsourced Product Development (OPD) market segment and Health Care BPO domains in line with its Business Strategy.

Though the overall turnover has grown by 20%, there has been significant increase in the Offshore component of the business achieving a growth of 70% over last year.

During the year under review the company added 35 new clients.

3. Segment-wise Performance

During the year, the market/segment wise revenue is as follows:-

Business from Software Services contributed to 88% and BPO services 12%.

Business from Software services for the year was Rs.637 lakhs as against Rs.509 lakhs in the last year.

Business from Offshore Software Services was Rs.405 lakhs during the year 2008-2009 as against Rs.195 lakhs in the previous year. The increase has been at 107% compared with previous year.

Business from BPO Services was Rs.86 lakhs during the year 2008-2009 as against Rs.93 lakhs in the previous year. The BPO business operates on a thin margin and there has been a significant pricing pressure which has led to decrease in number of orders.

Domestic revenue has been Rs.6.52 lakhs as against Rs.7.78 lakhs in the previous year.

On-site Offshore Mix:

There has been a significant increase in the offshore component of the revenue. Offshore business has grown by 70% over last year. Out of which Software services has grown by 107%.

The Offshore to on-site mix is 2.1:1 as compared to 1:1.1 in the previous year. i.e., the share of offshore business has grown from 48% last year to 68% this year.

4. Opportunities, Threats, Risks and Concerns

The company is seeing traction on the Outsourced Product Development (OPD) market segment from the USA and Canada. The sales pipeline has been growing. Our company has also ventured into UK, Australian markets and these markets are showing good opportunities.

Though the Health care BPO segment is matured, the company is able to attract new customers mainly through reference from our existing customers who are very happy about the quality of service and response time we provide.

There is stiff competition from large Indian and International IT companies for business.

Our Industry is marked by high attrition rate and the prime challenge is to retain the best talent. We are trying to mitigate the risk by offering good HR practices and providing an opportunity to work in our US subsidiary. The company is exposed to the risks and benefits of foreign exchange fluctuations. High dependency on the US market is again a risk, which we are trying to mitigate by expanding the geographical spread of our market. Currently we get over 95% of our business from North America.

5. Outlook for the future:

Though the market place and Industry predictions show a negative/very challenging outlook for the current year, a positive growth is expected in the current year. The current strategies are showing positive results from its clients. There is a significant increase in the offshore business of the company and this positive trend is expected to continue this year.

6. Internal Controls & their Adequacy

We have a good control mechanism in place at all our departments. As we are an ISO 9001:2000 Certified Company, we have a well-matured development process in place where there is an enhancement of the processes in all our departments. Every department has Performance Objectives fixed for each year and the same is reviewed every month. The Company has also a Risk Management plan in place where the potential risks are identified and a mitigation plan is also in place for each of the identified risks.

7. Human Resources

One of the top priorities for the company has been recruiting and retaining good talent. The company has made various HR initiatives to ensure that attrition rate is reduced and higher level of job satisfaction is attained for its engineers. The attrition rate for the year under review stood at 10% which is in line with the industry standards.

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.

Place : Coimbatore
Date : 25.06.2009

By Order of the Board
C.GANAPATHY
Chairman

**AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE TO THE MEMBERS OF
M/s.CG-VAK SOFTWARE & EXPORTS LIMITED**

We have examined the compliance of Corporate Governance by **CG-VAK SOFTWARE & EXPORTS LIMITED** for the year ended 31st March' 2009 as stipulated in Clause 49 of the Listing Agreement of the said company, with the Stock Exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations 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 explanation given to us, and the representations made by the directors and the management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the company as per the records maintained by the Shareholders / Investor Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

Place : Coimbatore
Dated: 25.06.2009

**Auditor's Report to the Members of
M/s. CG-VAK Software And Exports Limited, Coimbatore**

Ladies and Gentlemen,

1. We report that we have audited the Balance Sheet of M/s. CG-VAK Software and Exports Limited as at 31st March 2009, the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted the audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An Audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used, significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis of our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of The Companies Act, 1956, we enclose in Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred above, we state that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for our Audit.
 - b) In our opinion, proper books of account have been kept as required by law so far, as appears from our examination of the books.
 - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement, referred to in this Report are in agreement with the Books of Account.
 - d) In our opinion the Profit & Loss Account and Balance Sheet read together with the notes thereon, and the Cash Flow Statement, comply with the Accounting Standards referred to in sub section (3C) of Section 211 of The Companies Act, 1956.
 - e) On the basis of written representation received from all the Directors as of 31st March 2009 and taken on record by the Board of Directors, We report that none of the Directors are disqualified as of 31st March 2009 from being appointed as Directors in terms of Section 274(1)(g) of The Companies Act, 1956.
 - f) In our opinion and according to the information and explanations given to us and on the basis of such checks as we considered appropriate, the said Balance Sheet and Profit & Loss Account read together with the Notes thereon give the information required by The Companies Act, 1956 in the manner so required and give a true and fair view of
 - (i) in the case of the Balance Sheet, of the STATE OF AFFAIRS as at 31st March, 2009
 - (ii) in the case of the Profit & Loss Account of the PROFIT for the year ended that date and
 - (iii) in the case of the Cash Flow Statement of the CASH FLOWS for the year ended that date.

Place : Coimbatore
Date : 25.06.2009

For S.Lakshminarayanan Associates
Chartered Accountants
S.Lakshminarayanan
Partner
M.No.012024

ANNEXURE TO AUDITOR'S REPORT

1.
 - (a) The Company has maintained proper records to show 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 and no serious discrepancies between the book records and physical inventory have been noticed.

- (c) No substantial portion of fixed assets have been disposed during the year.
2. As the Company does not hold any inventories Clause 4 (ii) of the Companies (Audit Report) Order 2003 is not applicable.
3. (a) The Company has neither taken nor granted any loans, secured or unsecured, from companies, firms and other parties listed in the register maintained under Section 301 of The Companies Act, 1956.
(b) There being no loan taken nor granted Clauses 4 (iii) (b), (c), (d), (e), (f), (g) are not applicable.
4. In our opinion and according to the information and explanations given to us, the internal control procedures of the company relating to purchases of fixed assets and for sale of services are commensurate with its size and nature of its business. The activities of the Company do not involve purchase of inventory or sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system.
5. According to the information and explanations given to us, there are no transactions made in pursuance of contracts/arrangements that need to be entered into the register maintained under Section 301 of The Companies Act, 1956.
6. In our opinion and according to the information and explanation given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of Section 58A, 58AA or any other relevant provisions of The Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules 1975, with regard to deposits accepted from the public. No Order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
7. In our opinion, the Company's internal audit system is commensurate with its size and nature of its business.
8. According to the information and explanation given to us, the Central Government has not prescribed the maintenance of Cost Records under Section 209 (1) in respect of services carried on by the Company.
9. (a) According to the information and explanations given to us, the Company is regular in depositing with the appropriate authorities the undisputed statutory dues relating to provident fund, employees state insurance, investor education protection fund, income tax, Wealth Tax, Sales tax, Service Tax, Customs duty, Excise duty, Cess and other material Statutory dues applicable to it.
(b) According to the information and explanations given to us and the records examined by us, there are no dues of Income tax, Wealth tax, Cess, Customs Duty, Excise Duty and Service Tax which have not been deposited on account of any dispute.
10. The Company did not have any Accumulated losses of the Company at the end of the financial year. The Company has incurred Cash losses during the financial year under report. No cash losses were incurred in the immediately preceding Financial Year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank.
12. The Company has not advanced loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
13. The company is not a chit fund/nidhi/mutual benefit fund/society.
14. The Company does not deal/trade in shares/securities/debentures/other investments.
15. The Company has not given any guarantee on loans taken by others.
16. In our opinion, the term loans have been applied for the purpose for which they were raised.
17. According to the information and explanation given to us and based on an examination of the Balance Sheet of the company, we report that No funds raised on short-term basis have been used for long-term investment.
18. The Company has not made any preferential allotment of shares during the year.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any funds during the year by way of public issue.
21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

Place: Coimbatore

Date : 25.06.2009

For S.Lakshminarayanan Associates

Chartered Accountants

S.Lakshminarayanan

Partner

M.No.012024

BALANCE SHEET AS AT 31st MARCH 2009

	Schedule	31-Mar-2009 Rs	31-Mar-2008 Rs
Liabilities:			
Shareholders' Funds:			
Share Capital	1	5,05,33,700	5,05,33,700
Reserves & Surplus	2	3,19,64,771	3,00,63,720
		8,24,98,471	8,05,97,420
Loan Funds:			
Secured Loans	3	1,32,52,359	1,54,00,545
Unsecured Loans	4	78,02,736	1,09,05,001
		2,10,55,095	2,63,05,546
Deferred Tax Reserve	5	6,57,784	8,74,384
		10,42,11,350	10,77,77,350
Assets:			
Fixed Assets Gross Block	6	9,06,35,370	7,95,28,329
Depreciation		5,80,40,428	5,31,17,093
Net Block		3,25,94,942	2,64,11,236
Capital Works in Progress		0	25,04,225
		3,25,94,942	2,89,15,461
Investments	7	3,31,01,761	3,31,01,761
Current Assets, Loans & Advances:			
A. Current Assets			
Debtors	8	2,38,61,114	3,08,39,970
Cash & Bank Balances	9	56,49,717	24,63,587
B. Loans & Advances			
Total Current Assets	10	1,97,05,759	1,94,53,769
Less: Current Liabilities & Provisions	11	4,92,16,590	5,27,57,326
		1,07,01,943	69,97,198
		3,85,14,647	4,57,60,128
		10,42,11,350	10,77,77,350

For S Lakshminarayanan Associates
Chartered Accountants

S. Lakshminarayanan
Partner
M.No.012024

C. Ganapathy
Executive Chairman

S Muthukumar
Director

G. Suresh
Managing Director

S Mohan
Director

Place : Coimbatore
Date : 25-06-2009

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

	Schedule	31-Mar-2009 Rs	31-Mar-2008 Rs
Income:			
Income from Software Development, Services & Products			
- Overseas	12	7,16,87,088	5,97,27,258
- Domestic	13	6,52,093	7,78,043
		7,23,39,181	6,05,05,301
Other Income	14	72,26,721	15,00,545
		7,95,65,902	6,20,05,846
Expenditure:			
Cost of Services	15	5,88,05,074	4,72,07,366
Administrative Expenses	16	1,04,53,160	72,35,460
Interest	17	30,47,952	32,68,258
Foreign Exchange Loss		0	50,40,709
Depreciation		49,23,335	36,49,319
		7,72,29,521	6,64,01,112
Net Profit/(Loss) for the Year		23,36,381	(43,95,266)
Less: Prior Period Expenses		1,21,929	1,21,852
Income Tax Paid/FTB for Prior Years		0	76,117
		1,21,929	1,97,969
Profit Before Taxes		22,14,452	(45,93,235)
Less: Provision for Income Tax		4,10,000	22,828
Provision for Deferred Tax		(2,16,600)	6,95,000
Provision for Fringe Benefit Tax		1,20,000	1,05,000
		3,13,400	8,22,828
Profit After Taxes		19,01,052	(54,16,063)
Add: Surplus B/fd		2,00,63,719	2,54,79,783
		2,19,64,771	2,00,63,720
Appropriations			
Surplus C/fd		2,19,64,771	2,00,63,720
		2,19,64,771	2,00,63,720
Earnings Per Share		0.38	(1.07)

For S. Lakshminarayanan Associates
Chartered Accountants

S. Lakshminarayanan
Partner
M.No.012024

C. Ganapathy
Executive Chairman

S. Muthukumar
Director

G. Suresh
Managing Director

S. Mohan
Director

Place : Coimbatore
Date : 25-06-2009

SCHEDULE TO ACCOUNTS

Schedule	31-Mar-2009 Rs	31-Mar-2008 Rs
1 Share Capital:		
Authorised Capital:		
70,00,000 Equity Shares of Rs.10 each	7,00,00,000	7,00,00,000
Issued, Subscribed & Paid-Up Capital:		
50,60,000 Equity Shares of Rs.10 each	5,06,00,000	5,06,00,000
Less: Calls in Arrears (Due from Directors - Nil)	66,300	66,300
	5,05,33,700	5,05,33,700
2 Reserves & Surplus:		
General Reserve	1,00,00,000	1,00,00,000
Profit & Loss Account - Surplus	2,19,64,771	2,00,63,720
	3,19,64,771	3,00,63,720
3 Secured Loans:		
State Bank of India		
- Cash Credit	2,17,678	1,08,13,067
- Foreign Currency Loan	99,52,649	0
- Corporate Loan	8,25,727	34,47,365
- Term Loan	22,56,305	11,40,113
	1,32,52,359	1,54,00,545
(Secured against Machinery, Furniture, Software and Equitable Mortgage on Land & Building)		
4 Unsecured Loans:		
Fixed Deposits	70,08,550	96,88,640
Vehicle Loans	9,00,375	14,42,715
Less: Interest Suspense	1,06,189	2,26,354
	7,94,186	12,16,361
	78,02,736	1,09,05,001
5 Deferred Tax Reserve:		
Opening Balance	8,74,384	1,79,384
Add/(Less): Provision for the Year	(2,16,600)	6,95,000
	6,57,784	8,74,384

6. Fixed Assets

	COST BLOCK				DEPRECIATION BLOCK				NET BLOCK	
	Cost As at 01- Apr- 08	Additions during the year	Sales/ Withdrawal	Cost as at 31- Mar- 09	upto 01- Apr- 08	Depreciation for the year	Sales/ Withdrawal	upto 31- Mar- 09	WDV 31- Mar- 09	WDV 31- Mar- 08
Land	63,75,000	0	0	63,75,000	0	0	0	0	63,75,000	63,75,000
Building	43,86,367	0	0	43,86,367	6,82,747	71,498	0	7,54,245	36,32,122	37,03,620
Plant & Machinery	5,90,60,821	71,33,170	0	6,61,93,991	4,67,94,517	30,20,410	0	4,98,14,927	1,63,79,064	1,22,66,304
Electrical Fittings	22,84,811	21,26,837	0	44,11,648	14,60,690	5,05,592	0	19,66,282	24,45,366	8,24,121
Vehicles	30,18,993	0	0	30,18,993	11,92,234	1,97,611	0	13,89,845	16,29,148	18,26,759
Furniture & Fittings	44,02,337	18,47,034	0	62,49,371	29,86,905	11,28,224	0	41,15,129	21,34,242	14,15,432
Capital Works-in-Progress	25,04,225	0	25,04,225	0	0	0	0	0	0	25,04,225
	8,20,32,554	1,11,07,041	25,04,225	9,06,35,370	5,31,17,093	49,23,335	0	5,80,40,428	3,25,94,942	2,89,15,461
Previous YE 31- Mar- 2008	7,44,63,097	1,00,33,824	24,64,367	8,20,32,554	4,94,67,774	36,49,319	0	5,31,17,093	2,89,15,461	2,49,95,323

SCHEDULE TO ACCOUNTS

Schedule	31-Mar-2009 Rs	31-Mar-2008 Rs
7 Investments: (Valued At Cost)		
Quoted :		
100 Equity Shares of Rs.10 each		
- Union Bank of India	1,600	1,600
Unquoted:		
750 Equity Shares of US\$ 1,000 each	3,31,00,161	3,31,00,161
- CGVAK Software USA Inc		
	3,31,01,761	3,31,01,761
	Quoted	Quoted
Cost	1,600	1,600
Face Value	1,000	1,000
Market Value	14,725	14,246
	Unquoted	Unquoted
Cost	3,31,00,161	3,31,00,161
Face Value	3,31,00,161	3,31,00,161
8. Debtors: Considered Good		
Outstanding for a period less than 6 months		
- from wholly owned subsidiary	0	60,69,115
- from others	1,59,91,135	1,44,09,341
Other Debts		
- from wholly owned subsidiary	0	4,53,330
- from others	78,69,979	99,08,184
Doubtful Debts	9,65,959	3,17,864
Less: Provision for Doubtful Debts		
- Upto last year	3,17,864	
- For the year	6,48,095	
	(9,65,959)	(3,17,864)
	2,38,61,114	3,08,39,970
9 Cash & Bank Balances:		
Cash in hand	13,228	1,77,277
Balance with Scheduled Banks		
- Current Account	37,439	29,224
- Fixed Deposits	6,53,242	5,60,601
- EEFC A/c (In US Dollars)	31,974	2,20,974
Balance with Non-Scheduled Banks		
- Current Account (In US Dollars)	48,99,275	13,32,344
- Current Account (In UAE Dirhams)	14,559	1,43,167
	56,49,717	24,63,587
10 Loans & Advances :		
Advances - Considered Good	22,97,469	13,53,160
Advance to Subsidiary	62,95,071	43,80,489
Loan to Subsidiary	1,02,08,107	1,17,48,080
Staff Advances	3,35,371	16,92,938
Deposits	5,14,861	2,11,880
Prepaid Expenses	54,880	67,222
	1,97,05,759	1,94,53,769
11 Current Liabilities & Provisions:		
A.Current Liabilities:		
Liability for Purchases (Due from Micro/SMEs-Nil)	86,482	0
Liability for Expenses	94,05,309	52,69,641
Liability for Other Finance	5,22,153	5,94,265
Interest Accrued But no due	1,57,999	5,90,464
B.Provisions:		
Provision for Income Tax	4,10,000	4,37,828
Provision for Fringe Benefit Tax	1,20,000	1,05,000
	1,07,01,943	69,97,198

SCHEDULE TO ACCOUNTS

Schedule	31-Mar-2009 Rs	31-Mar-2008 Rs
12 Income from Software Development, Product & Services - Overseas:		
Onsite Software Services	2,32,41,620	3,13,71,785
Offshore Software Services	3,98,35,200	1,90,11,780
Business Process Outsourcing Services	86,10,268	93,43,693
	7,16,87,088	5,97,27,258
13 Income from Software Development, Product & Services - Domestic:		
Software Services	6,52,093	5,13,376
Fee Receipts	0	2,64,667
	6,52,093	7,78,043
14 Other Income:		
Interest Receipts	14,77,685	11,90,442
Foreign Exchange Gain	55,47,621	0
Dividend Receipts	400	200
Sundry Receipts	2,01,015	3,09,903
	72,26,721	15,00,545
15 Cost of Services:		
Cost of Services - Overseas	2,77,32,337	2,46,69,456
Cost of Services - Domestic	2,58,40,435	1,78,34,926
Transcription charges	3,97,389	11,63,990
Web Designing Charges	1,64,602	97,333
Staff Welfare	11,43,144	8,29,092
Staff Training	3,63,496	3,74,302
Contribution to PF & ESI	15,47,906	12,04,280
Gratuity	13,04,894	38,270
Ex Gratia	0	1,28,951
HRD Expenses	3,10,871	8,66,766
	5,88,05,074	4,72,07,366
16 Administrative Expenses:		
Rent	7,48,818	3,14,433
Power & Fuel	21,45,849	9,80,975
Advertisement	35,927	28,189
Printing & Stationery	1,48,388	1,28,966
Courseware	0	4,021
Communication Expenses	16,38,641	15,70,724
Director Remuneration	9,00,000	9,00,000
Marketing Expenses	4,79,177	3,81,216
Travelling Expenses	11,38,450	9,97,468
Freight & Insurance	2,07,321	1,75,624
Membership, Subscription, Books & Periodicals	1,28,014	1,31,652
Taxes & Licences	1,22,472	66,015
Repairs & Maintenance	6,62,584	3,66,776
Building Maintenance	1,45,365	1,60,067
Vehicle Maintenance	2,38,436	2,25,320
Sitting Fees	18,000	15,000
Auditors Remuneration	75,000	84,270
Share Demat Expenses	1,21,418	1,10,898
Dot Com Expenses	1,40,214	43,426
ISO 9001 Expenses	62,919	20,723
Legal & Consultancy	81,442	1,70,372
Stock Exchange Fees & Filing Fees	21,818	28,012
Bank Charges	5,21,248	2,89,679

Schedule to Accounts

Schedule	31-Mar-2009 Rs	31-Mar-2008 Rs
Provision for Doubtful Debts	6,48,095	16,674
Miscellaneous Expenses	23,564	24,960
	1,04,53,160	72,35,460
17 Interest:		
Interest paid to Bank - Cash Credit	12,89,388	7,84,516
Interest paid to Bank - Others	6,21,680	14,43,894
Interest paid on Fixed Deposits	10,16,719	9,04,144
Interest paid on Vehicle Loans	1,20,165	1,35,704
	30,47,952	32,68,258

For S. Lakshminarayanan Associates
Chartered Accountants

S.Lakshminarayanan
Partner
M.No.012024

C.Ganapathy
Executive Chairman

S. Muthukumar
Director

G.Suresh
Managing Director

S. Mohan
Director

Place : Coimbatore
Date : 25-06-2009

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2009

Schedule	31-Mar-2009 Rs.in lacs	31-Mar-2008 Rs. in lacs
A		
NET PROFIT BEFORE TAX & EXTRAORDINARY ITEMS	23.36	(43.95)
Adjustments for		
Depreciation	49.23	36.49
Interest	30.48	32.68
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	103.07	25.22
Adjustments for		
Trade & Other Receivables	51.87	61.24
Trade Payables	37.05	15.58
CASH GENERATED FROM OPERATIONS	191.99	102.04
Interest Paid	(30.48)	(32.68)
Income Tax	(5.30)	(1.28)
CASH FLOW BEFORE EXTRAORDINARY ITEMS	156.21	68.08
Prior Period items	(1.22)	(1.98)
	154.99	66.10
B		
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(86.03)	(75.69)
NET CASH USED IN INVESTMENT ACTIVITIES	(86.03)	(75.69)
C		
CASH FROM FINANCING ACTIVITIES		
Increase/(Decrease) in Secured Loans	(21.48)	(9.73)
Increase/(Decrease) in Unsecured Loans	(31.02)	8.77
Loan to Subsidiary	15.40	4.62
NET CASH USED IN FINANCING ACTIVITIES	(37.10)	3.66
Net Increase/(Decrease) in Cash & Cash Equivalents	31.86	(5.93)
Add: Opening Balance of Cash & Cash Equivalents	24.64	30.57
Closing Balance of Cash & Cash Equivalents	56.50	24.64

For S. Lakshminarayanan Associates
Chartered Accountants

S.Lakshminarayanan
Partner
M.No.012024

C.Ganapathy
Executive Chairman

S. Muthukumar
Director

G.Suresh
Managing Director

S. Mohan
Director

Place : Coimbatore
Date : 25-06-2009

SIGNIFICANT ACCOUNTING POLICIES

Fixed Assets:

Fixed assets are stated at cost of acquisition less accumulated depreciation. The carrying amounts 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 wherever the carrying amount of an asset exceeds its recoverable amount. The reduction is treated as impairment loss and is recognised in the profit & loss account.

Investments:

Investments are stated at cost. Investments in shares of fully owned foreign subsidiary are stated at cost and expressed in Indian rupees at the rate of exchange prevailing at the time of actual remittance.

Current Assets:

Debtors: Debtors are stated at net realizable value.

Revenue Recognition:

Items of Income & Expenditure are recognised on accrual basis. Revenue from software development, Services & Products are recognized on completion of contract or stage of completion as per the applicable terms & conditions agreed with customers.

Depreciation:

Depreciation is charged on Straight line method as per rates specified in Schedule XIV of The Companies Act, 1956. Depreciation has been calculated on prorata basis on additions during the year.

Foreign Currency transactions:

Income from Software Development, Services & products and expenses are recorded at rates prevailing on the date of the transaction. Expenses incurred in foreign currency are recorded at rates prevailing when the expenditure was incurred. The foreign exchange difference which have arisen during the year have been recognised in the period in which they arise.

Monetary Current Assets & Current Liabilities that are denominated in foreign currency are translated at the exchange rate prevalent as at the date of the balance sheet. The resultant difference is recognised in the Profit & Loss Account.

NOTES ANNEXED AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2009

	31-Mar-2009	31-Mar-2008
1 Estimated amount of contracts remaining to be executed on capital account not provided for	NIL	NIL

- 2 Depreciation has been charged on straight-line method as per the rates specified under schedule XIV of The Companies Act, 1956. Depreciation has been calculated on prorata basis on additions during the year.
- 3 The Term Loans from State Bank Of India are secured against specific Machinery and other assets and equitable mortgage of the Company's Land & Building.
- 4 The Working Capital facilities are secured against the hypothecation of receivables and other current assets of the company.
5. Quantitative Details: The Company is mainly engaged in development of Computer software. This is not capable of being expressed in generic units. Hence it is not possible to give quantitative details and information required under paragraphs 3,4c of Part II of Schedule VI of The Companies Act, 1956.

6.	Income from Software Development , Services & Products	31.03.2009	31.03.2008
	Software Consultancy - Onsite	2,32,41,620	3,13,71,785
	Software Development - Offshore	4,04,87,293	1,95,25,156
	Medical Transcription	86,10,268	93,43,693
	Training fees	---	2,64,667
	Total	7,23,39,181	6,05,05,301
7	Earnings in Foreign Currency	7,16,87,088	5,97,27,258
8	Expenditure in Foreign Currency		
	Foreign Travel	2,45,049	1,25,157
	Cost of Services	2,64,05,118	2,38,63,867
	Others	14,72,013	76,75,466
	Total	2,81,22,180	3,16,64,490
	Fixed Assets Purchased in Foreign Currency	32,82,630	39,95,408
9	Detail of Remuneration paid to Managing Directors		
	Mr .G. Suresh	6,00,000	6,00,000
	Mr.C.Ganapathy	3,00,000	3,00,000
	Mr.C.Ganapathy- Chairman and Mr .G.Suresh - Managing Director have waived the Commission due to them at 1% on Net Profits.		

- 10 Income Tax Assessments upto Assessment Year 2006-2007 have been completed.

- 11 Basic & Diluted Earnings per share of Rs.10/- each

		31.03.2009	31.03.2008
A	Numerator		
	Net Profit After Tax	19,01,052	(54,16,063)
B	Denominator		
	Weighted Average Number of Equity Shares Outstanding	50,60,000	50,60,000
C	Basic & Diluted Earnings Per Share	0.38	(1.07)

12. Segment Analysis for the year ended 31st March 2009- Business Segment

		Rs. in Lakhs	
Sl.No.	Particulars	31-Mar-2009 (Audited)	31- Mar-2008 (Audited)
1	SEGMENT REVENUE		
	a) Software Services	637.29	508.97
	b) BPO Services	86.10	93.43
	c) Training	---	2.64
	Less : Inter Segment Revenue	---	---
	Net Sales/ Income from operations	723.39	605.05
2	SEGMENT RESULT (Profit before tax and Interest from each segment)		
	a) Software Services	(15.00)	(10.22)
	b) BPO Services	(3.43)	(13.32)
	c) Training	---	(2.74)
	Total	(18.43)	(26.28)
	Less : Interest	30.48	32.68
	Less : Other un-allocable expenditure	---	---
	Add : Other un-allocable Income	72.27	15.01
	Profit before tax & Extraordinary item	23.36	(43.95)
3	CAPITAL EMPLOYED		
	a) Software Services	789.78	770.73
	b) BPO Services	35.20	32.84
	c) Training	---	2.40
	Total	824.98	805.97

Segment Analysis for the year ended 31st March 2009 - Geographical Segment

		Rs. in Lakhs	
Sl.No.	Particulars	31-Mar-2009 (Audited)	31- Mar-2008 (Audited)
1	SEGMENT REVENUE		
	a) North America	691.77	575.24
	b) Middle East	2.68	22.03
	c) Rest of the world	22.42	---
	d) India	6.52	7.78
	Less : Inter Segment Revenue	---	---
	Net Sales/ Income from operations	723.39	605.05
2	SEGMENT RESULT (Profit before tax and Interest from each segment)		
	a) North America	(18.08)	(23.24)
	b) Middle East	(0.43)	(2.47)
	c) Rest of the world	0.06	---
	d) India	0.02	(0.57)
	Total	(18.43)	(26.28)
	Less : Interest	30.48	32.68
	Less : Other un-allocable expenditure	---	---
	Add : Other un-allocable Income	72.27	15.01
	Profit before tax & Extraordinary item	23.36	(43.95)
3	CAPITAL EMPLOYED		
	a) North America	731.80	721.90
	b) Middle East	73.35	81.67
	c) Rest of the world	15.36	---
	d) India	4.47	2.40
	Total	824.98	805.97

13 Disclosure in respect of Related parties in pursuant to Accounting Standard 18:

(a) List of Related Parties over which control exists:

CG-VAK Software USA Inc.

Wholly Owned Subsidiary

(b) Other related Parties with whom the company has entered into transactions during the year:

Key Managerial Personnel (KMP):

Mr.G.Suresh

Managing Director

Mr.C.Ganapathy

Executive Chairman

(c) During the year, the following transactions were carried out with related parties in the normal course of business:

	Subsidiary	KMP	Relatives of KMP
Expenses on cost of services	77,46,612		
Income from BPO Services	5,39,099		
Interest Receipts	14,19,475		
Purchase of Assets	32,82,630		
Salary		9,00,000	
Rent			6,60,000
Interest paid on Fixed Deposits			7,33,306

(d) Amount due to Related Parties 3,35,797

(e) Amount due from Related Parties

CGVAK SOFTWARE USA Inc	Loan	1,02,08,107
CGVAK SOFTWARE USA Inc	Advance	62,95,071

14 Details of Auditors' Remuneration

	31-Mar-09	31-Mar-08
Audit Fees	35,000	35,000
Tax Audit Fees	10,000	10,000
Income tax Representation Fees	30,000	30,000
Total	75,000	75,000

15 Disclosure under Accounting Standard 15 on Employee Benefits:

Disclosures in respect of Defined benefit obligations in respect of gratuity pursuant to Accounting Standard 15.

The amounts recognized in the balance sheet are as follows

	As on 31.03.2009 (Rs.)	As on 31.03.2008 (Rs.)
Present value of funded obligations	12,82,048	9,87,194
Fair value of plan assets	Nil	Nil
Net surplus in the Balance sheet (Grouped under Prepaid expenses)	Nil	-Nil

The amount recognized in the statement of profit and loss are as follows:

	For the year ended 31.03.2009 (Rs.)	For the year ended 31.03.2008 (Rs.)
Current service cost	1,92,679	94,895
Interest on obligation	73,198	70,744
Expected return on plan assets	Nil	Nil
Net actuarial losses(gains) recognized in year	(51,823)	43,241
Total included in Labour cost	22,846	38,270

Changes in the present value of the defined benefit obligation representing reconciliation of opening and closing balance thereof are as follows

	For the year ended 31.03.2009 (Rs.)	For the year ended 31.03.2008 (Rs.)
Opening defined benefit obligation	9,87,194	9,03,066
Prior period adjustment	Nil	Nil
Service cost	1,92,679	94,895
Interest cost	73,198	70,744
Actuarial gains (Losses)	51,823	(43,241)
Benefits paid	(22,846)	(38,270)
Closing defined benefit obligation	12,82,048	9,87,194

Changes in the fair value of plan assets representing reconciliation of the opening and closing balance thereof are as follows:

	For the year ended 31.03.2009 (Rs.)	For the year ended 31.03.2008 (Rs.)
Opening fair value of plan assets	Nil	Nil
Expected return	Nil	Nil
Actuarial gains and (losses)	Nil	Nil
Contribution by employer	Nil	Nil
Assets acquired in an amalgamation in the nature of purchase	Nil	Nil
Exchange differences on foreign plans	Nil	Nil
Benefits paid	Nil	Nil
Closing fair value of plan assets	Nil	Nil
Balance sheet Reconciliation		
Opening Net Liability	9,87,194	9,03,066
Expenses Reconsinged in Profit and Loss Account	13,04,894	38,270
Contribution made	Nil	Nil
Closing unfunded status (Surplus-Grouped under prepaid expenses)	Nil	Nil

Principal actuarial assumptions at the balance sheet date (expressed as weighted average)

	For the year ended 31.03.2009 (Rs.)	For the year ended 31.03.2008 (Rs.)
Discount rate current	7.5%	8%
Expected return per annum on plan assets	---	---
Salary Escalation per annum	6%	6%
Retirement Age	58 years	58 years
Mortality	LIC 1994-96 rates	LIC 1994-96 rates
Attrition rate	10%	10%

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.

- 16 There are no amounts due to small enterprises and micro enterprises outstanding for more than 30 days as identified by the Company.
- 17 Previous Year figures have been regrouped and reclassified wherever found necessary. Figures have been rounded off to the nearest rupee.
- 18 The Consolidated Financial Statements are prepared in accordance with the Accounting Standard 21. The subsidiary considered in the Consolidated Financial Statements is the fully owned subsidiary CG-VAK Software USA Inc.,

For S. Lakshminarayanan Associates
Chartered Accountants

C.Ganapathy
Executive Chairman

G.Suresh
Managing Director

S.Lakshminarayanan
Partner
M.No.012024

S. Muthukumar
Director

S. Mohan
Director

Place : Coimbatore
Date : 25-06-2009

DETAILS REQUIRED UNDER PART IV OF SCHEDULE VI BALANCE SHEET EXTRACT AND GENERAL BUSINESS PROFILE

I Registration Details:

Registration No.	181-5568	State Code	18
Balance Sheet Date	31	Month	03
	Date		Year
			2009

II Capital raised during the Year:

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

III Position of Mobilisation and Deployment of Funds:

			Amount in thousands
Total Liabilities	103554	Total Assets	103554
Sources of Funds:			
Paid up Capital	50534	Reserves & Surplus	31965
Secured Loans	13252	Unsecured Loans	7803
Application of Funds:			
Fixed Assets	32595	Investments	33102
Net Current Assets @	37857	Miscellaneous Expenditure	0
Accumulated Losses @ Net of Deferred Tax Reserve	0		

IV Performance of the Company:

			Amount in thousands
Total Income	79566	Total Expenditure	77230
Profit Before Tax	2336	Profit After Tax	1901
Earnings Per Share	0.38	Dividend Rate	0%

V Generic Names of three principal products/services of the company

Item Code No. (ITC Code) 85249009.10

Product Description Computer Software

**AUDITORS REPORT TO THE BOARD OF DIRECTORS OF
M/s. CG-VAK SOFTWARE AND EXPORTS LIMITED
ON CONSOLIDATED FINANCIAL STATEMENTS OF
M/s. CG-VAK SOFTWARE AND EXPORTS LIMITED AND ITS SUBSIDIARY
CG-VAK SOFTWARE USA Inc.,**

We have examined the attached Consolidated Balance Sheet of **M/s. CG-VAK SOFTWARE AND EXPORTS LIMITED** and its subsidiary as at 31 st March 2009, the Consolidated Profit & Loss Account for the Year then ended and the Consolidated Cash Flow Statement for the Year ended on that date.

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audit. We have conducted our audit in accordance with generally accepted accounting standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statements. We believe our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of the said subsidiary.

Name of the Subsidiary	CG-VAK Software USA Inc.,
Total Assets	Rs1037.21 lacs
Total Revenues	Rs.1329.57 lacs

which have been compiled by other Auditors, certified by the Management and have been furnished to us, and our opinion, so far as it relates to the amounts included in respect of the subsidiary is based solely on these certified financial statements.

We report that the financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21, Consolidated financial Statements, issued by the Institute of Chartered Accountants of India, and on the basis of the separate certified financial statements of its subsidiary included in the financial statement.

On the basis of the information and explanations given to us and on the consideration of the separate financial statements of the subsidiary, we are of the opinion that :

- (a) The Consolidated Balance sheet gives a true and fair view of the consolidated state of affairs of CG-VAK Software and Exports Limited and its subsidiary as at 31 st March 2009.
- (b) The consolidated Profit & Loss Account gives a true and fair view of the consolidated results of CG-VAK Software and Exports Limited and its subsidiary for the year then ended.
- (c) The Consolidated Cash Flow Statement gives a true and fair view of the Consolidated Cash Flows of the company and its subsidiary for the year then ended.

For S.Lakshminarayanan Associates
Chartered Accountants
S.Lakshminarayanan
M.No.012024
Partner

Place : Coimbatore
Dated: 25.06.2009

CONSOLIDATED BALANCE SHEET 31st MARCH, 2009

	Schedule	31-Mar-2009 Rs	31-Mar-2008 Rs
Liabilities:			
Shareholders' Funds:			
Share Capital	1	5,05,33,700	5,05,33,700
Reserves & Surplus	2	5,57,91,066	4,28,52,110
		10,63,24,766	9,33,85,810
Loan Funds:			
Secured Loans	3	1,32,52,359	1,54,00,545
Unsecured Loans	4	78,02,736	1,09,05,001
		2,10,55,095	2,63,05,546
Deferred Tax Reserve	5	6,57,784	8,74,384
		12,80,37,645	12,05,65,740
Assets:			
Fixed Assets Gross Block	6	10,75,74,598	9,64,80,719
Depreciation		6,95,27,406	6,33,65,459
Net Block		3,80,47,192	3,31,15,260
Capital Works in Progress		0	25,04,225
		3,80,47,192	3,56,19,485
Investments	7	1,600	1,600
Current Assets, Loans & Advances:			
A.Current Assets			
Debtors	8	8,13,11,670	7,24,63,067
Cash & Bank Balances	9	1,10,08,470	56,55,127
B.Loans & Advances	10	3,00,18,490	2,53,68,313
Total Current Assets		12,23,38,630	10,34,86,507
Less: Current Liabilities & Provisions	11	3,23,49,777	1,99,75,053
		8,99,88,853	8,35,11,454
		12,80,37,645	12,05,65,740

For S. Lakshminarayanan Associates
Chartered Accountants

S.Lakshminarayanan
Partner
M.No.012024

C.Ganapathy
Executive Chairman

S. Muthukumar
Director

G.Suresh
Managing Director

S. Mohan
Director

Place : Coimbatore
Date : 25-06-2009

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009

	Schedule	31-Mar-2009 Rs	31-Mar-2008 Rs
Income:			
Income from Software Development, Services & Products			
- Overseas	12	19,46,96,440	17,82,42,787
- Domestic	13	6,52,093	7,78,043
		19,53,48,533	17,90,20,830
Other Income	14	74,90,126	18,57,692
		20,28,38,659	18,08,78,522
Expenditure:			
Cost of Services	15	15,73,01,698	13,51,70,494
Administrative Expenses	16	3,25,29,528	3,51,41,603
Interest	17	30,47,952	32,76,606
Foreign Exchange Loss		0	50,96,342
Depreciation		61,61,948	47,29,425
		19,90,41,126	18,34,14,470
Net Profit/(Loss) for the Year		37,97,533	(25,35,948)
Less: Prior Period Expenses.		1,21,929	1,21,852
Income Tax Paid/FBT for Prior Years		0	76,117
Profit Before Taxes		36,75,604	(27,33,917)
Less: Provision for Income Tax		6,74,000	2,96,080
Provision for Deferred Tax		(2,16,600)	6,95,000
Provision for Fringe Benefit Tax		1,20,000	1,05,000
Profit After Taxes		30,98,204	(38,29,997)
Add: Surplus B/fd		3,45,70,379	3,84,00,376
		3,76,68,583	3,45,70,379
Appropriations			
Surplus C/fd		3,76,68,583	3,45,70,379
		3,76,68,583	3,45,70,379
Earnings Per Share		0.61	(0.76)

For S. Lakshminarayanan Associates
Chartered Accountants

S.Lakshminarayanan
Partner
M.No.012024

C.Ganapathy
Executive Chairman

S. Muthukumar
Director

G.Suresh
Managing Director

S. Mohan
Director

Place : Coimbatore
Date : 25-06-2009

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET

Schedule	31-Mar-2009 Rs	31-Mar-2008 Rs
1 Share Capital:		
Authorised Capital:		
70,00,000 Equity Shares of Rs.10 each	7,00,00,000	7,00,00,000
Issued, Subscribed & Paid-Up Capital:		
50,60,000 Equity Shares of Rs.10 each	5,06,00,000	5,06,00,000
Less: Calls in Arrears (Due from Directors - Nil)	66,300	66,300
	5,05,33,700	5,05,33,700
2 Reserves & Surplus:		
General Reserve	1,00,00,000	1,00,00,000
Reserve on Consolidation	81,22,483	(17,18,269)
Profit & Loss Account - Surplus	3,76,68,583	3,45,70,379
	5,57,91,066	4,28,52,110
3 Secured Loans:		
State Bank of India		
- Cash Credit	2,17,678	1,08,13,067
- Foreign Currency Loan	99,52,649	0
- Corporate Loan	8,25,727	34,47,365
- Term Loan	22,56,305	11,40,113
	1,32,52,359	1,54,00,545
(Secured against Machinery, Furniture, Software and Equitable Mortgage on Land & Building)		
4 Unsecured Loans:		
Fixed Deposits	70,08,550	96,88,640
Vehicle Loans	9,00,375	14,42,715
Less: Interest Suspense	1,06,189	2,26,354
	7,94,186	12,16,361
	78,02,736	1,09,05,001
5 Deferred Tax Reserve:		
Opening Balance	8,74,384	1,79,384
Add/(Less): Provision for the Year	(2,16,600)	6,95,000
	6,57,784	8,74,384

6. Fixed Assets

	COST BLOCK				DEPRECIATION BLOCK				NET BLOCK	
	Cost As at 01-Apr-08	Additions during the year	Sales/ Withdrawal	Cost as at 31-Mar-09	upto 01-Apr-08	Depreciation for the year	Sales/ Withdrawal	upto 31-Mar-08	WDV 31-Mar-09	WDV 31-Mar-08
Land	63,75,000	0	0	63,75,000	0	0	0	0	63,75,000	63,75,000
Building	43,86,367	0	0	43,86,367	6,82,747	71,498	0	7,54,245	36,32,122	37,03,620
Plant & Machinery	7,57,45,207	73,49,957	16,63,152	8,14,32,012	5,53,82,836	42,17,864	0	5,96,00,700	2,18,31,312	2,03,62,371
Electrical Fittings	22,84,811	21,26,837	0	44,11,648	14,60,690	5,05,592	0	19,66,282	24,45,366	8,24,121
Vehicles	43,50,219	0	0	43,50,219	24,83,424	2,37,647	0	27,21,071	16,29,148	18,66,795
Furniture & Fittings	47,72,316	18,47,034	0	66,19,350	33,55,761	11,29,347	0	44,85,108	21,34,242	14,16,555
Capital Works-in-Progress	25,04,225	0	25,04,225	0	0	0	0	0	0	25,04,225
	10,04,18,145	1,13,23,828	41,67,377	10,75,74,596	6,33,65,458	61,61,948	0	6,95,27,406	3,80,47,190	3,70,52,687
Previous YE 31-Mar-2008	9,56,81,798	1,14,67,025	67,30,678	10,04,18,145	5,86,36,033	47,29,425	0	6,33,65,458	3,70,52,687	3,70,45,765

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET

Schedule	31-Mar-2009 Rs	31-Mar-2008 Rs
7 Investments: (Valued At Cost)		
Quoted :		
100 Equity Shares of Rs.10 each		
- Union Bank of India	1,600	1,600
	1,600	1,600
Cost	Quoted	Quoted
Face Value	1,600	1,600
Market Value	1,000	1,000
	14,745	14,246
8 Debtors: Considered Good		
Outstanding for a period less than 6 months		
- from others	7,34,41,691	6,25,54,882
Other Debts		
- from others	78,69,979	99,08,185
Doubtful Debts	9,65,959	3,17,864
Less: Provision for Doubtful Debts		
- Upto last year	(3,17,864)	(3,01,190)
- For the year	(6,48,095)	(16,674)
	8,13,11,670	7,24,63,067
9 Cash & Bank Balances:		
Cash in hand	5,40,759	10,89,324
Balance with Scheduled Banks		
- Current Account	37,439	29,223
- Fixed Deposits	6,53,242	5,60,601
- EEFC A/c (In US Dollars)	31,974	2,20,974
Balance with Non-Scheduled Banks		
- Current Account (In US Dollars)	97,30,497	36,11,838
- Current Account (In UAE Dirhams)	14,559	1,43,167
	1,10,08,470	56,55,127
10 Loans & Advances :		
Advances - Considered Good	2,87,90,055	2,32,51,566
Staff Advances	3,35,371	16,92,938
Deposits	8,38,184	3,56,587
Prepaid Expenses	54,880	67,222
	3,00,18,490	2,53,68,313
11 Current Liabilities & Provisions:		
A.Current Liabilities:		
Liability for Purchases (Due from Micro/SMEs-Nil)	86,482	0
Liability for Expenses	2,19,13,403	1,57,81,568
Liability for Other Finance	63,40,480	27,86,941
Interest Accrued But no due	1,57,999	5,90,464
B.Provisions:		
Provision for Income Tax	37,31,413	7,11,080
Provision for Fringe Benefit Tax	1,20,000	1,05,000
	3,23,49,777	1,99,75,053

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET

Schedule	31-Mar-2009 Rs	31-Mar-2008 Rs
12 Income from Software Development, Product & Services - Overseas:		
Onsite Software Services	14,62,50,972	14,98,87,313
Offshore Software Services	3,98,35,200	1,90,11,780
Business Process Outsourcing Services	86,10,268	93,43,694
	19,46,96,440	17,82,42,787
13 Income from Software Development, Product & Services - Domestic:		
Software Services	6,52,093	5,13,376
Fee Receipts	0	2,64,667
	6,52,093	7,78,043
14 Other Income:		
Interest Receipts	0	42,341
Foreign Exchange Income	55,47,621	0
Dividend Receipts	400	200
Sundry Receipts	19,42,105	18,15,151
	74,90,126	18,57,692
15 Cost of Services:		
Cost of Services - Overseas	12,29,75,944	11,14,04,562
Cost of Services - Domestic	2,58,40,435	1,78,34,926
Transcription Charges	3,97,389	11,63,991
Web Designing Charges	1,64,602	97,333
Staff Welfare	14,47,887	15,42,050
Staff Training	3,63,496	3,74,302
Contribution to PF & ESI	15,47,906	12,04,280
Gratuity	13,04,894	38,270
Ex Gratia	0	1,28,951
HRD Expenses	32,59,145	13,81,829
	15,73,01,698	13,51,70,494
16 Administrative Expenses:		
Rent	30,38,959	25,73,608
Power & Fuel	21,45,849	9,80,975
Advertisement	89,610	28,189
Printing & Stationery	2,07,830	1,92,869
Courseware	0	4,021
Communication Expenses	25,50,730	22,35,878
Director Remuneration	9,00,000	9,00,000
Marketing Expenses	18,88,392	21,39,777
Travelling Expenses	26,74,168	20,72,718
Freight & Insurance	72,77,995	89,95,688

Schedule	31-Mar-2009 Rs	31-Mar-2008 Rs
Membership, Subscription, Books & Periodicals	1,28,014	1,31,652
Taxes & Licences	73,95,486	1,15,39,860
Repairs & Maintenance	6,79,729	3,66,776
Building Maintenance	1,45,365	1,60,067
Vehicle Maintenance	6,58,991	6,46,552
Sitting Fees	18,000	15,000
Auditors Remuneration	3,64,575	8,25,378
Share Demat Expenses	1,21,418	1,10,898
Dot Com Expenses	1,40,214	43,425
ISO 9001 Expenses	62,919	20,723
Legal & Consultancy	81,442	1,70,372
Stock Exchange Fees & Filing Fees	21,818	28,012
Bank Charges	5,57,205	3,56,303
Provision for Doubtful Debts	6,48,095	16,674
Miscellaneous Expenses	7,32,724	5,86,188
	3,25,29,528	3,51,41,603
17 Interest:		
Interest paid to Bank - Cash Credit	12,89,388	7,84,516
Interest paid to Bank - Others	6,21,680	14,52,242
Interest paid on Fixed Deposits	10,16,719	9,04,144
Interest paid on Vehicle Loans	1,20,165	1,35,704
	30,47,952	32,76,606

Note:

Statutory information and notes on accounts are disclosed in separate financial statements of holding and subsidiary companies. Since none of the above notes have material effect on the consolidated financial statements, separate notes on accounts have not been furnished along with Consolidated financial statements.

For S. Lakshminarayanan Associates
Chartered Accountants

S. Lakshminarayanan
Partner
M.No.012024

Place : Coimbatore
Date : 25-06-2009

C. Ganapathy
Executive Chairman

S. Muthukumar
Director

G. Suresh
Managing Director

S. Mohan
Director

CASH FLOW STATEMENT (CONSOLIDATED) FOR THE YEAR ENDED 31ST MARCH 2009

Schedule	31-Mar-2009 Rs in lakhs	31-Mar-2008 Rs in lakhs
A NET PROFIT BEFORE TAX & EXTRAORDINARY ITEMS	37.98	(25.36)
Adjustments for Depreciation	61.62	47.29
Interest	30.48	32.77
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	130.08	54.70
Adjustments for Trade & Other Receivables	(134.99)	112.94
Trade Payables	123.75	(68.43)
CASH GENERATED FROM OPERATIONS	118.84	99.21
Interest Paid	(30.48)	(32.77)
Income Tax	(7.94)	(4.01)
CASH FLOW BEFORE EXTRAORDINARY ITEMS	80.42	62.43
Extra ordinary items	98.40	(56.28)
Prior Period items	(1.22)	(1.98)
	177.60	4.17
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(88.20)	(75.69)
Sale of Fixed Assets	16.63	42.66
NET CASH USED IN INVESTMENT ACTIVITIES	(71.57)	(33.03)
C CASH FROM FINANCING ACTIVITIES		
Increase/(Decrease) in Secured Loans	(21.48)	(9.73)
Increase/(Decrease) in Unsecured Loans	(31.02)	8.77
NET CASH USED IN FINANCING ACTIVITIES	(52.50)	(0.96)
Net Increase/(Decrease) in Cash & Cash Equivalents	53.53	(29.82)
Add: Opening Balance of Cash & Cash Equivalents	56.55	86.37
Closing Balance of Cash & Cash Equivalents	110.08	56.55

For S. Lakshminarayanan Associates
Chartered Accountants

S. Lakshminarayanan
Partner
M.No.012024

Place : Coimbatore
Date : 25-06-2009

C. Ganapathy
Executive Chairman

S. Muthukumar
Director

G. Suresh
Managing Director

S. Mohan
Director

Consolidated Segment Analysis for the year ended 31st March 2009 - Business Segment

Sl.No.	Particulars	31-Mar-2009 (Audited) Rs. in Lakhs	31-Mar-2008 (Audited) Rs. in Lakhs
1	SEGMENT REVENUE		
	a) Software Services	1,867.39	1,694.13
	b) BPO Services	86.10	93.43
	c) Training	---	2.65
	Less : Inter Segment Revenue	---	---
	Net Sales/ Income from operations	1,953.49	1,790.21
2	SEGMENT RESULT (Profit before tax and Interest from each segment)		
	a) Software Services	(3.02)	4.88
	b) BPO Services	(3.43)	(13.31)
	c) Training	---	(2.74)
	Total	(6.45)	(11.17)
	Less : Interest	30.48	32.77
	Less : Other un-allocable expenditure	---	---
	Add : Other un-allocable Income	74.90	18.58
	Profit before tax & Extraordinary item	37.97	(25.36)
3	CAPITAL EMPLOYED		
	a) Software Services	1,028.05	884.29
	b) BPO Services	35.20	32.84
	c) Training	---	2.40
	Total	1,063.25	919.53

Consolidated Segment Analysis for the year ended 31st March 2009 - Geographical Segment

Sl.No.	Particulars	31-Mar-2009 (Audited) Rs. in Lakhs	31-Mar-2008 (Audited) Rs. in Lakhs
1	SEGMENT REVENUE		
	a) North America	1,921.86	1,760.40
	b) Middle East	2.68	22.03
	c) Rest of the world	22.43	---
	d) India	6.52	7.78
	Less : Inter Segment Revenue	---	---
	Net Sales/ Income from operations	1,953.49	605.05
2	SEGMENT RESULT (Profit before tax and Interest from each segment)		
	a) North America	(6.10)	(8.13)
	b) Middle East	(0.43)	(2.47)
	c) Rest of the world	0.06	---
	d) India	0.02	(0.57)
	Total	(6.45)	(11.17)
	Less : Interest	30.48	32.77
	Less : Other un-allocable expenditure	0	0
	Add : Other un-allocable Income	74.90	18.58
	Profit before tax & Extraordinary item	37.97	(25.36)
3	CAPITAL EMPLOYED		
	a) North America	970.06	835.46
	b) Middle East	73.36	81.67
	c) Rest of the world	15.36	---
	d) India	4.47	2.40
	Total	1,063.25	919.53

CG-VAK SOFTWARE USA INC.

FINANCIAL STATEMENTS

MARCH 31, 2009

Registered Office
100, Overlook Centre, 2nd Floor,
Princeton, New Jersey-08540

DIRECTOR'S REPORT

To

The Members of **CG-VAK SOFTWARE USA INC.,**

Your Directors take great pleasure in presenting their 12th Annual Report and Financial Statements of the Corporation for the period ended March 31, 2009

Review of Business

Your corporation has sailed through a very challenging face. The total turnover has been \$ 2.984 million as against \$ 3.184 million of the previous year. The Company has achieved a net profit of \$ 0.030 million.

Future Outlook

The consulting service market is expected to be challenging and pricing pressure is expected to continue. Our offshore marketing team in India has been trained well on the US market and has already started contributing to our business. As a team we are making best efforts in improving the performance for the current year. We are confident of sailing smoothly over the current economic crisis in the USA.

Financial Statements

The financial statements for the period ending March 31, 2009 detailing the revenue and expenditure, asset and liabilities and the operational cash flow have been appended with Auditor's report.

06.06.2009

BERTIE.S

Vice President

AUDITOR'S REPORT

To

The Shareholders of

CG-VAK SOFTWARE USA INC

We have compiled the accompanying balance sheet of CG-VAK SOFTWARE USA INC. as of March 31, 2009 and the related statements of income, retained earnings and cash flows for the year then ended, in accordance with the Statements on Standards for Accounting and Review Services established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management.

06.06.2009

L. NAGANANDA

Certified Public Accountant

CG-VAK SOFTWARE USA INC., NEW JERSEY

BALANCE SHEET AS AT MARCH 31, 2009 (IN THOUSAND DOLLARS ONLY)

ASSETS	\$'000	LIABILITIES:	\$'000
CURRENT ASSETS		CURRENT LIABILITIES	
Cash in Bank (Note 1)	109	Accounts Payable & Accrued expenses	741
Accounts Receivable (Note 1)	1,163	Loans Payable	207
Prepaid expenses & Deferred Costs	711		
TOTAL CURRENT ASSETS	<u>1,983</u>	TOTAL CURRENT LIABILITIES	<u>948</u>
FIXED ASSETS (Note 1)		TOTAL LIABILITIES	<u>948</u>
Computers & Office Equipment	92	COMMITMENT & CONTINGENCY (Note 2)	
Computer Software	240	STOCKHOLDERS' EQUITY	
Office Furniture	8	Capital Stock	750
Automobile	30	Retained Earnings <Deficit>	419
Total Fixed Assets	370		
Less: Accumulated Depreciation	<u>243</u>	STOCKHOLDERS' EQUITY	<u>1,169</u>
TOTAL NET FIXED ASSETS	<u>127</u>		
OTHER ASSETS		TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	
Deposits	7		
TOTAL ASSETS	<u>2,117</u>		<u>2,117</u>

STATEMENT OF INCOME & RETAINED EARNINGS FOR THE YEAR ENDED MARCH 31, 2009 (IN THOUSAND DOLLARS)

	\$'000
CONSULTING FEES	<u>2,984</u>
OPERATING EXPENSES (Schedule 1)	<u>2,944</u>
NET INCOME <LOSS> FROM OPERATIONS	<u>40</u>
Provision for Income Taxes (Note 3)	10
NET INCOME <LOSS>	<u>30</u>
RETAINED EARNINGS -Beginning of the Year	<u>389</u>
RETAINED EARNINGS-End of the Year	<u>419</u>

CG-VAK SOFTWARE USA INC., NEW JERSEY**SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED MARCH 31, 2009****(IN THOUSAND DOLLARS)**

SCHEDULE-1	\$'000
OPERATING EXPENSES	
Salary	1,910
Payroll taxes & Payroll processing	154
Visa Processing Professional fee & expenses	66
Employee Benefits	167
Consulting Fees	399
Marketing Expenses	25
Discounts	8
Rent & Utility	53
Legal & Professional	12
Telephone & Telex	16
Office Supplies & Expenses	17
Internet & Web Site	3
Insurance	10
Travel	34
Bank charges	1
Postage	2
Interest	31
Automobile expense	9
Depreciation	27
TOTAL	2,944

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2009**(IN THOUSAND DOLLARS)**

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$'000
Net Income	30
Adjustments to Reconcile Net Income to Net Cash	
Provided by Operating Activities:	
Depreciation and Amortization	27
Decrease <Increase> in Accounts Receivable	119
Decrease <Increase> in Prepaid Expenses & Deposits	<73>
Increase <Decrease> in Accounts Payable and	
Accrued Expenses	<16>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<87>
CASH FLOWS FROM INVESTING ACTIVITIES	
Sale of Fixed Assets	34
<Increase> Decrease in Deposits	<3>
Net Cash Used in Investing Activities	31
CASH FLOWS FROM FINANCING ACTIVITIES:	
Loans Borrowed <repaid>	<89>
Net Cash Provided (Used) by Financing Activities	<89>
Net Increase (Decrease) in Cash and Cash Equivalents	29
Cash and Cash Equivalents at Beginning of Year	80
Cash and Cash Equivalents at End of Year (NOTE 1)	109

CG-VAK SOFTWARE USA INC., NEW JERSEY

NOTES TO FINANCIAL STATEMENTS**MARCH 31, 2009****NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

Revenue Recognition : Revenue and associated expenses are recorded on accrual basis.

Accounts Receivable : Accounts receivable have been adjusted for all known uncollectible accounts.

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

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

NOTE 2 COMMITMENTS AND CONTINGENCIES

Lease Obligations : The Corporation rents its office facilities under a non-cancelable operating lease, which expired on February 28, 2009. The lease provides in part for the payment of contingent rentals based upon escalation of real estate taxes and certain operating expenses. Future minimum rental payments under the lease are as follows:

2009	\$ 15,984
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NOTE 3 INCOME TAXES

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

06.06.2009

BERTIE.S
Vice President

CG-VAK SOFTWARE & EXPORTS LTD

Registered Office : 171, Mettupalayam Road, Coimbatore - 641 043

PROXY FORM

I/We of
..... Member(s)
of the above named Company, hereby appoint Sri or failing him
Sri of in the district of
..... as my/our proxy to vote for me/us on my/our
behalf at the FOURTEENTH ANNUAL GENERAL MEETING of the Company to be held on Monday the
31st August 2009 at 4.30 P.M. at Hotel Annalakshmi, 106-A, Race Course, Coimbatore - 641 018.

Signed this day of 2009.

Reg. Folio No.

No. of Shares held :

Affix
Rupee 1
Revenue
Stamp

Signature of the Member

The Companies Act, 1956 lays down that an instrument appointing a proxy shall be deposited at the
Registered Office of the Company not less than 48 hours before the time of holding the Meeting.

CG-VAK SOFTWARE & EXPORTS LTD

Registered Office : 171, Mettupalayam Road, Coimbatore - 641043

Attendance Slip

(To be handed over at entrance of the Meeting Hall)

Full Name of the Member attending (IN BLOCK LETTERS)

Full Name of the First Joint Holder

Name of the Proxy

(To be filled in if the Proxy Form
has duly deposited with the Company)

I hereby record my presence at the FOURTEENTH ANNUAL GENERAL MEETING of the Company to
be held on Monday the 31st August 2009 at 4.30 P.M. at Hotel Annalakshmi, 106-A, Race Course,
Coimbatore - 641 018.

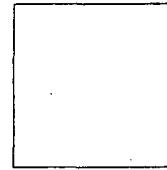
Registered Folio No.

* Member's / Proxy's Signature

No. of Shares held :

(*To be signed at the time of handing over this slip)

BOOK - POST



To

If undelivered please return to :



An ISO 9001 : 2000 Certified Company

171, Mettupalayam Road Coimbatore - 641 043

Ph : 91-422 - 2434491 / 92 / 93

Fax : 91-422-2440679 www.cgvak.com

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