



**CG-VAK**<sup>TM</sup>  
SOFTWARE & EXPORTS LTD



30<sup>th</sup> August, 2019

To

The Department of Corporate Services  
BSE Limited  
P.J.Towers,  
Dalal Street  
Mumbai – 400 001

Dear Sir/Madam,

**Sub: Submission of Annual Report for the financial year 2018-19, pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are herewith enclosing the Annual Report for the Financial Year 2018-2019.

The aforesaid document is dispatched to all eligible shareholders and is also available on the website of the Company ([www.cgvak.com](http://www.cgvak.com)).

Kindly take the same into your records.

Thank you.

Yours faithfully,

For **CG-VAK SOFTWARE AND EXPORTS LIMITED**

G. Suresh  
**Managing Director & CEO**



Encl: As above



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**BOARD OF DIRECTORS**

|                                      |   |
|--------------------------------------|---|
| Mr.C.Ganapathy, B.Sc., (Agri.)       | Non Executive Chairman (w.e.f 09.08.2019) |
| Mr.M.Durairaj, M.Sc., B.Ed.          | Independent Director                      |
| Mr.S.Mohan, B.E.                     | Independent Director                      |
| Mr.S.Muthukumar, B.Sc., B.E., M.B.A. | Independent Director                      |
| Mr.A.Sankar, B.A.                    | Independent Director                      |
| Mrs.S.Latha, B.Sc.                   | Non Executive Women Director              |
| Mr.G.Suresh, B.E., M.B.A.            | Managing Director & CEO                   |
| Mr.R.Jayaraman M.com., CAIIB         | Additional Director (w.e.f 09.08.2019)    |
| Mr.S.Padmanaban M.com., AICWA CAIIB  | Additional Director (w.e.f 09.08.2019)    |
| Mr.P.S.Subramanian                   | Chief Financial Officer                   |
| Mr.Govind M Joshi                    | Company Secretary & Compliance Officer    |

**STATUTORY AUDITORS**

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

**SECRETARIAL AUDITOR**

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

**REGISTRARS & SHARE TRANSFER AGENTS**

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

**BANKERS**

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

**REGISTERED OFFICE**

171, Mettupalayam Road  
Coimbatore 641 043  
INDIA  
CIN: L30009TZ1994PLC005568

**BRANCH****Coimbatore**

S.F.No.174/2, Thiruvalluvar Street,  
Vellakinar Pirivu Road,  
G.N.Mills Post,  
Coimbatore – 641 029.

**New Jersey**

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

**SUBSIDIARY**

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

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

**CG-VAK SOFTWARE AND EXPORTS LIMITED**

CIN : L30009TZ1994PLC005568

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

Web:www.cgvak.com, Email Id:investorservices@cgvak.com

**NOTICE TO SHAREHOLDERS**

NOTICE is hereby given that the 24<sup>th</sup> Annual General Meeting of **CG-VAK SOFTWARE AND EXPORTS LIMITED** will be held on Monday the 23<sup>rd</sup> day of September, 2019 at 3.00 PM at Ardra Hall, Kaanchan, 9, North Huzur Road, Coimbatore -641 018, to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Standalone and Consolidated Audited Financial Statements of the Company for the year ended 31<sup>st</sup> March, 2019 including audited Balance Sheet as at 31<sup>st</sup> March, 2019 and the Statement of Profit and Loss for the year ended on that date and the reports of the Board of Directors (“the Board”) and Auditors thereon.
2. To declare dividend, if any.
3. To appoint a Director in the place of Mr.C.Ganapathy (DIN 00735840), who retires by rotation, and being eligible, offers himself for reappointment.

**SPECIAL BUSINESS:**

4. To consider and if thought fit, to pass, with or without modifications, the following resolutions as an ORDINARY RESOLUTION.

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and 160 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enforcement thereof for the time being in force), the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. R. Jayaraman (DIN: 08467922), who was appointed as an Additional Director of the Company by the Board of Directors on 09<sup>th</sup> August 2019 and who in terms of section 161 of the Companies act 2013 holds office upto the date of this Annual General Meeting and who is eligible for appointment as Director and in respect to whom a notice has been received from a member proposing his candidature as a Director and who has also given his consent for his appointment as an Independent Director of the Company and has also submitted a declaration that he meets the criteria of independence under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and who is eligible for appointment, be and is hereby appointed as a Non-Executive Independent Director of the Company, to hold office for a term of five consecutive years, with effect from 23<sup>rd</sup> September, 2019 and is not liable to retire by rotation.”

5. To consider and thought fit, to pass, with or without modifications, the following resolutions as an ORDINARY RESOLUTION.

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and 160 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enforcement thereof for the time being in force), the relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. S. Padmanabhan (Din: 08467788), who was appointed as an Additional Director of the Company by the Board of Directors on 09<sup>th</sup> August 2019 and who in terms of

Section 161 of the Companies Act, 2013 holds office upto the date of this Annual General Meeting and who is eligible for appointment as Director and in respect to whom a notice has been received from a member proposing his candidature as a Director and who has also given his consent for his appointment as an Independent Director of the Company and has also submitted a declaration that he meets the criteria of independence under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and who is eligible for appointment, be and is hereby appointed as a Non-Executive Independent Director of the Company, to hold office for a term of five consecutive years, with effect from 23<sup>rd</sup> September, 2019 and is not liable to retire by rotation.”

6. To consider and thought fit, to pass, with or without modifications, the following resolutions as SPECIAL RESOLUTION.

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and 160 and other applicable provisions of the Companies Act, 2013, the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enforcement thereof for the time being in force), Regulation 17(1A) and other applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Dr. S. Thamburaj (DIN: 08467884), in respect to whom a notice has been received from a member proposing his candidature as a Director and who has given his consent for his appointment as an Independent Director of the Company and has also submitted a declaration that he meets the criteria of independence under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and who is eligible for appointment, be and is appointed as an Independent Director of the Company, to hold office for a term of five consecutive years, with effect from 23<sup>rd</sup> September, 2019 and is not liable to retire by rotation.”

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

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and read with other applicable provisions of the Companies Act, 2013 (the Act) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including statutory modification(s) or reenactment(s) thereof, for the time being in force), Mr. C. Ganapathy (DIN: 00735840), who held the office of Executive Chairman upto 30th June 2019, be and is hereby appointed as Non Executive Non Independent Director (Designated as Non - Executive Chairman) w.e.f. 01st July 2019 liable to retire by rotation.

**“RESOLVED FURTHER THAT** pursuant to the Regulations 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2018 (Amendment Regulations, 2018), the consent of the members of the Company is be and hereby accorded to continue the Directorship of Mr. C. Ganapathy (DIN: 00735840), who has attained the age of 80 years.

8. To consider and if though fit, to pass the following Resolution as a SPECIAL RESOLUTION:

**“RESOLVED THAT** pursuant to the provisions of Sections 164, 196, 197 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 (the Act) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including statutory modification(s) or reenactment(s) thereof, for the time being in force), approval of members be and is hereby accorded to re-appoint Mr. G. Suresh (DIN: 00600906) as Managing Director and CEO of the Company for a further period of 3 (three) years from 01<sup>st</sup> September 2019 to 31<sup>st</sup> August 2022 on the following terms and conditions including remuneration within the overall limits specified in Schedule V of the Companies Act 2013:

(A) Salary

Salary of Rs. 15,00,000/- Per month

Commission on net profit: 1% of the net profits of the Company computed in accordance with the Sections 196, 197, 203 and Schedule V of the Companies Act, 2013.

(B) Perquisites:

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

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

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

Note: Family for the purpose of Leave Travel shall besides the Managing Director, Consist of Spouse, Wholly dependent parents and wholly dependent children of the Managing Director.

- (4) Medical Benefit: Actual Expenses incurred for the Managing Director and his Family Members
- (5) Telephone: The Company shall provide telephone and mobile phones for office use.
- (6) Personal Accident Insurance.
- (7) Re-imbursment of expenditure incurred on gas, water and electricity.
- (8) Such other perquisites and allowances including Bonus, Commission, Performance Incentive, Ex - gratia, etc. in accordance with the rules of the Company or as may be agreed to, by the Board of Directors of the Company.

Perquisites shall however be restricted to an amount equal to four months salary.”

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

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

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

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

9. To consider and if thought fit, to pass with or without modification(s), the following Resolution as a SPECIAL RESOLUTION.

**“RESOLVED THAT** pursuant to the provisions of Section 13 and other applicable provisions, if any, of Companies Act 2013, and the rules framed there under, consent of the shareholders of the Company be and is hereby accorded, subject to the approval of the Registrar of Companies, to alter Clause III (A) of the Memorandum of Association of Company by adding a new sub clause (3) after the existing sub clause (2) as stated hereunder:

3. To carry on the business of generating electrical power by non-conventional methods by the use of wind, solar, tidal waves, biomass and waste materials and any other non conventional methods as may be developed from time to time and in this connection to purchase, own, control, take on lease, improve, develop, manage and operate, wind mills, solar power plants, wind farms, solar and wind farms, energy conservation projects, power houses transmission and distribution systems for generation, distribution, transmission and supply of solar, wind and electrical energy and to buy, sell, supply, exchange, market and deal in electrical power generated by the abovementioned non-conventional methods to the State Electricity Board, State Government, Appropriate Authorities, Licensees Specific Industrial Units, industrial and other consumers whether commercial, agricultural, household and any other purpose in India in any area to be specified by the State Government, Central Government, Local Authority, State Electricity Board and any other Competent Authority in accordance with the provisions of The Electricity Act, 2003 and any Statutory modifications or re-enactment thereof and rules made thereunder or any other relevant Act/legislation.

**NOTES**

1. **ANY MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING THE PROXIES SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE MEETING.**
2. Members/proxies/representatives should bring the Attendance Slip, duly filed in for attending the meeting.
3. Details pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and Paragraph 1.2.5 of Secretarial Standard on General Meetings, in respect of Director seeking reappointment at the Annual General Meeting are separately annexed hereto for item no. 4 to 8.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from **Tuesday, the 17<sup>th</sup> September, 2019 to Monday, the 23<sup>rd</sup> September, 2019 (both days inclusive)**.
5. The dividend if declared at the Annual General Meeting will be paid within 30 days from the date of the Annual General Meeting.
6. Members who are holding shares in physical form are requested to intimate/update immediately their change of address / change of bank account/ email ID, if any, to **M/s. S.K.D.C. Consultants Limited, Kanapathy Towers, 3<sup>rd</sup> Floor, 1391/A-1 Sathy Road, Ganapathy, Coimbatore 641 006**, our Registrar & Share Transfer Agents. Please quote your Folio Number and our Company's name in all your correspondence.
7. Members who are holding shares in Electronic Form are requested to intimate/update immediately their change of address / change of bank account/ email ID, if any, to their respective Depository Participant.
8. The practice of distributing copies of Annual Reports at the Annual General Meeting has been discontinued in view of the high cost of paper and printing. Shareholders are therefore, requested to bring their copy of the Annual Report to the meeting.
9. In terms of Sections 124(6) of the Companies Act, 2013, as amended the amount of dividend remaining unpaid or unclaimed for a period of seven (7) years from the date of transfer to the unpaid dividend account is required to be transferred to the Investor Education and Protection Fund (IEPF). The Unclaimed dividend for the year 2012-13, 2013-14, 2014-15, 2015-16, 2016-17 and 2017-18 is held in separate Bank accounts and the shareholders who have not received the dividend/encashed the warrants are advised to write to the Company with complete details.
10. The Notice of the Meeting is also displayed/posted on the websites of the Company [www.cgvak.com](http://www.cgvak.com) and that of Central Depository Services (India) Limited ("CDSL") [www.evotingindia.com](http://www.evotingindia.com).
11. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to offer the facility of voting through electronic means, as an alternate, to all its Members to enable them to cast their votes electronically instead of casting their vote at a Meeting. Please note that the voting through electronic means is optional for the Members. For Members who have not cast their votes by remote e-voting, facility to cast their votes at the Annual General Meeting, will be provided through Ballot Paper.
12. The Company has appointed Mrs. Manimekala V Raj, Practicing Company Secretary (Membership No. F5163), to act as the Scrutinizer for conducting the electronic voting process in a fair and transparent manner.
13. The procedure and instructions for voting through electronic means are, as follows:  
The instructions for shareholders voting electronically are as under:
  - (i) The voting period begins on 19<sup>th</sup> September, 2019 at 9:00 a.m. and ends on 22<sup>nd</sup> September, 2019 at 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. 16<sup>th</sup> September, 2019, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
  - (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period
  - (iii) Click on "Shareholders" tab.



- (iv) Now, select the “CG-VAK Software and Exports Limited” from the dropdown menu and click on “SUBMIT”
- (v) Now Enter your User ID
- For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DPID followed by 8 Digits Client ID,
  - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

| <b>For Members holding shares in Demat Form and Physical Form</b> |  |
|---|--|
| PAN   | <p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul> |
| DOB   | Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.  |
| Dividend Bank Details   | <p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> <li>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.</li> </ul>  |

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

(xviii) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.

(xix) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xx) Note for Institutional Shareholders

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporate.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details the compliance user should be created using the admin login and password. The Compliance user who would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

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

16. Request to shareholders:

Shareholders are requested to follow the general safeguards / procedures as detailed hereunder enabling the Company to serve them efficiently and avoid risks while dealing in the securities of the Company.

**Demat of Shares:**

Shareholders are requested to convert their physical holding to demat/ electronic form through any of the DPs to avoid any possibility of loss, mutilation etc., of physical share certificates and also to ensure safe and speedy transaction in securities. Any investor who is desirous of transferring shares (which are held in physical form) after April 01, 2019 can do so only after the shares are dematerialized, except for transmission (i.e. transfer of title of shares by way of inheritance / succession) and transposition (i.e. re-arrangement / interchanging of the order of name of shareholders) cases.

**Registration of Electronic Clearing Service (ECS) mandate:**

SEBI has made it mandatory for all companies to use the bank account details furnished by the Depositories for payment of dividend through ECS to investors wherever ECS and bank details are available. The Company will not entertain any direct request from Members holding shares in electronic mode for deletion of / change in such bank details. Members who wish to change such bank account details are therefore

requested to advise their DPs about such change, with complete details of bank account. ECS helps in quick remittance of dividend without possible loss / delay in postal transit. Shareholders, who have not earlier availed this facility, are requested to register their ECS details with the STA or their respective DPs.

**Consolidation of multiple folios:**

Shareholders, who have multiple folios in identical names, are requested to apply for consolidation of such folios and send the relevant share certificates to the Company.

**Registration of nominations:**

Section 72 of the Companies Act, 2013 provides facility for making nominations by shareholders in respect of their holding of shares. Such nomination greatly facilitates transmission of shares from the deceased shareholder to his / her nominee without having to go through the process of obtaining succession certificate / probate of the Will, etc. It would therefore be in the best interest of the shareholders holding shares in physical form registered as a sole holder to make such nominations. Shareholders, who have not availed nomination facility, are requested to avail the same by submitting the nomination in Form SH13. This form will be made available on request. Investors holding shares in demat form are advised to contact their DPs for making nominations.

**Updation of address:**

Shareholders are requested to update their addresses registered with the Company, directly through the STA, to receive all communications promptly. Shareholders, holding shares in electronic form, are requested to deal only with their DPs in respect of change of address and furnishing bank account number, etc

**Timely encashment of dividends:**

Shareholders are requested to encash their dividends promptly to avoid hassles of revalidation. As required by SEBI, shareholders are requested to furnish details of their bank account number and name and address of the bank for incorporating the same in the warrants. This would avoid wrong credits being obtained by unauthorized persons. Shareholders are requested to note that the dividends, not claimed for a period of seven years from the date they first became due for payment, shall be transferred to IEPF in terms of Section 124(6) of the Act, 2013 read with Investor Education & Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

(By Order of the Board)

**For CG-VAK SOFTWARE AND EXPORTS LIMITED**

Place: Coimbatore

Date : 09<sup>th</sup> August, 2019

G. Suresh

**Managing Director & CEO**

(DIN : 00600906)

**EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 102 OF THE COMPANIES ACT, 2013****Item Nos. 4 & 5**

The Nomination and Remuneration Committee at its meeting held on 09<sup>th</sup> August 2019 has given their approval for the appointment of Mr. R. Jayaraman (DIN: 08467922) and Mr. S. Padmanabhan (DIN: 08467788), as Independent Directors of the Company subject to the recommendation by the Board to the shareholders and approval of the shareholders. Accordingly, the Board of Directors of the Company at their meeting held on 09<sup>th</sup> August 2019, have appointed them as Additional Directors, in terms of Section 161 of the Companies Act, 2013. In accordance to the provisions contained in that Section, Mr. R. Jayaraman and Mr. S. Padmanabhan hold office up to the date of this Annual General Meeting. The Company has received notice in writing pursuant to Section 160 of the Companies Act 2013, from Members signifying their intention to propose the candidature of Mr. R. Jayaraman and Mr. S. Padmanabhan for the office of Directors of the Company.

The Company has received declarations from Mr. R. Jayaraman and Mr. S. Padmanabhan stating that they meet the criteria of independence as prescribed under Sub-Section (6) of Section 149 of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations). In the opinion of the Board, they fulfil the conditions for appointment as Independent Directors and they are independent of the Management.

Mr. R. Jayaraman and Mr. S. Padmanabhan will not be paid any remuneration other than sitting fees for attending meetings of the Board and Committees thereof of which they are a member/Chairperson.

Brief profiles of Mr. R. Jayaraman and Mr. S. Padmanabhan has been included in this Notice.

A copy of the draft letter for their appointment as a Non-Executive Independent Directors setting out the terms and conditions of their appointment is available for inspection by the Members at the Registered Office of the Company during the office hours on all working days other than on Saturdays and Sundays till the date of the Annual General Meeting.

The Board of Directors considers it is in the interest of the Company to appoint Mr. R. Jayaraman and Mr. S. Padmanabhan as Non-Executive Independent Directors of the Company for a period of 5 consecutive years with effect from 23<sup>rd</sup> September, 2019.

Mr. R. Jayaraman and Mr. S. Padmanabhan are concerned and interested in the resolutions pertaining to their respective appointments. None of the other Directors and Key Managerial Personnel of the Company or their relatives, is in any way, interested or concerned, financially or otherwise, in the said resolutions.

The Board of Directors recommends the Ordinary Resolutions set forth in item No. 4 & 5 of the Notice for approval of the members.

**Item No. 6**

The Nomination and Remuneration Committee at its meeting held on 09<sup>th</sup> August, 2019 has given their approval for the appointment of Dr. S. Thamburaj (DIN: 08467884) as an Independent Director of the Company subject to the recommendation by the Board to the shareholders and approval of the shareholders. The Company has received notice in writing pursuant to Section 160 of the Companies Act 2013, from a Member signifying his intention to propose the candidature of Dr. S. Thamburaj for the office of Director of the Company and to be appointed as an Independent Director. Dr. S. Thamburaj is eligible to be appointed as Director and has given his consent to act as an Independent Director of the Company.

The Company has received a declaration from Dr. S. Thamburaj stating that he meets with the criteria of independence as prescribed under Sub-Section (6) of Section 149 of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations). In the opinion of the Board, he fulfils the conditions for appointment as an Independent Director and he is independent of the Management.

Dr. S. Thamburaj will not be paid any remuneration other than sitting fees for attending meetings of the Board and Committees thereof of which he may be a member/Chairperson. Brief profile of Dr. S. Thamburaj has been included in this Notice.

A copy of the draft letter for his appointment as an Independent Director setting out the terms and conditions of his appointment is available for inspection by the Members at the Registered Office of the Company during the office hours on all working days other than on Saturdays and Sundays till the date of the Annual General Meeting.

The Board of Directors considers it is in the interest of the Company to appoint Dr. S. Thamburaj as an Independent Director of the Company for a period of 5 consecutive years with effect from 23<sup>rd</sup> September, 2019.

None of the Directors and Key Managerial Personnel of the Company or their relatives, except Dr. S. Thamburaj, is in any way, interested or concerned, financially or otherwise, in this resolution.

In terms of Regulation 17(1A) of the SEBI(Listing obligations and Disclosure Requirements) Regulations 2015 approval of the members by way of Special Resolution is required for the appointment of Dr. S. Thamburaj as he is 80 years of age.

Regulation 17 to 27 of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 is not applicable to your company since the paid up capital and networth are not exceeding the prescribed limits as per SEBI (LODR). Your company is voluntarily complying with these provisions as a part of good corporate governance.

The Board of Directors recommends the Special Resolution set out in item No. 6 of the Notice for approval of the members

#### **Item No. 7**

Mr.C.Ganapathy (DIN:00735840) was appointed as a Whole Time Director (Designated as Executive Chairman) by the shareholders at the Annual General Meeting of the Company held on 30<sup>th</sup>September, 2016 and held such office upto 30<sup>th</sup> June, 2019. The Board of Directors of the Company at its meeting held on 09<sup>th</sup>August, 2019 has appointed Mr. C.Ganapathy as Non-executive Director (Designated as Non-executive Chairman) with effect from 01<sup>st</sup>July, 2019. In terms of Regulation 17(1A) of the SEBI(Listing obligations and Disclosure Requirements) Regulations, 2015 approval of the members by way of Special Resolution is required for the appointment of Mr.C.Ganapathy as he is 80 years of age.

The terms of appointment of Mr.C.Ganapathy as the Non-executive Chairman have been approved by the Nomination and Remuneration Committee at its meeting held on 09<sup>th</sup> August, 2019 subject to the recommendation by the Board to the shareholders and approval of the shareholders.

Mr C. Ganapathy will not be paid any remuneration other than sitting fees for attending meetings of the Board and Committees thereof which he may be a member/Chairperson. Brief profile of Mr. C. Ganapathy has been included in this Notice.

Regulation 17 to 27 of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 is not applicable to your company since the paid-up capital and networth are not exceeding the prescribed limits as per SEBI (LODR). Your company is voluntarily complying with these provisions as a part of good corporate governance.

Mr.C.Ganapathy, is interested in this resolution as it concerns his appointment. Mr.G.Suresh, Managing Director &

CEO and Mrs.S.Latha, Women Director are interested in this resolution as Mr.C.Ganapathy is related to them. No other Director or other key managerial personnel of the Company or their relatives is directly or indirectly concerned or interested, financially or otherwise, in this resolution.

The Board of Directors recommends the Special Resolution set out in item No. 7 of the Notice for approval of the members.

**Item No. 8**

As approved by the shareholders at the 21<sup>st</sup> Annual General Meeting of the members of the Company Mr. G. Suresh (DIN: 00600906) holds office as Managing Director and CEO upto 31<sup>st</sup> August 2019. The Nomination and Remuneration Committee at its meeting held on 09<sup>th</sup> August 2019 has approved the terms of his reappointment as Managing Director and CEO for a further period of three years from 01<sup>st</sup> September 2019 to 31<sup>st</sup> August 2022 subject to the recommendation by the Board to the shareholders and approval of the shareholders.

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

Brief profile of Mr. G. Suresh has been included in this Notice.

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

The Board of Directors recommends the Special Resolution set out in item No. 8 of the notice for approval of the members.

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

| <b>I. GENERAL INFORMATION</b>  |  |                               |                |                |
|--|--|-------------------------------|----------------|----------------|
| 1. Nature of Industry  | IT Software Products and Services  |                               |                |                |
| 2. Date or expected date of commencement of commercial Production  | The Company was incorporated on 06 <sup>h</sup> December, 1994 and the Commencement of Business was dated 17 <sup>th</sup> February, 1995. |                               |                |                |
| 3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus | Not Applicable   |                               |                |                |
| 4. Financial Performance based on given indicators   | Particulars  | Financial Years (in Rs Lakhs) |                |                |
|  |  | <b>2018-19</b>                | <b>2017-18</b> | <b>2016-17</b> |
|  | Total Revenue  | 2057.71                       | 1462.47        | 1171.26        |
|  | Profit/(Loss)After Tax   | 343.68                        | 108.29         | 36.17          |
| 5. Foreign investments or Collaborations, if any   | CG-VAK Software USA Inc, Wholly Owned Subsidiary.  |                               |                |                |

**II. INFORMATION ABOUT THE MANAGING DIRECTOR**
**(A) Mr.G.Suresh**

|  |  |
|--|--|
| <p>1. Background details</p>                           | <p>Mr.G.Suresh, Managing Director &amp; CEO is a B.E.(Mechanical) from Bangalore University and a MBA from Bharathiar University, Coimbatore . Mr.G.Suresh has over 30 years of Experience in the IT industry. He had promoted many business ventures including Computer Training, Consumer Goods Trading. Mr.G.Suresh is associated with the Company from 1994 to till date. He is the one of the founders &amp; Promoter of the Company.</p> <p>Mr.G.Suresh holds Directorships in the following Private Limited Company viz. Sindhu and Gowtham Securities and Investments Private Limited.</p>   |
| <p>2. Past Remuneration (Inclusive of perquisites)</p> | <p>Rs.83,88,940/- Per Annum</p>  |
| <p>3. Recognition or awards</p>                        | <p>Mr.G.Suresh has been invited regularly to speak at many forums on the Industry and the thought leadership</p>   |
| <p>4. Job profile and his suitability</p>              | <p>Mr.G.Suresh has been instrumental in Promoting and building the Company since inception. Under his leadership the Company has ventured into various international markets including USA, Canada, Australia, Europe and Middle East. In last 12 years, he transformed the Company from a mere staffing organization to a successful offshore Software service provider. His vision and strategies in Marketing, HR, Software delivery, Finance have contributed to the growth and stability of the Company.</p> <p>The systems and processes laid down by him have resulted in huge cost savings and every strategic move initiated by him has contributed in no small measure to the enhancement of the Company's stature and reputation. There is need for formulation of strategies on continuous basis and periodical review thereof for successful implementation and for sustained development of the Company in the light of highly competitive conditions prevailing in the industry necessitating increased managerial attention given to such matters. Hence the continued international experience and leadership of Mr.G.Suresh in the years ahead will be in the best interests of the Company.</p> |
| <p>5. Remuneration Proposed:</p>                       | <p>Salary of Rs. 15,00,000/- Per month. The details of proposed remuneration are presented in the resolution.</p> <p>Company's contribution to Provident Fund to the extent these either singly or together are not taxable under the</p>  |

|   |   |
|---|---|
|   | Income Tax Act, Gratuity payable as per the rules of the Company applicable to senior management personnel and Reimbursement of expenses incurred for the business of the Company, shall not be included in the computation of limits for the perquisites and allowances as aforesaid.  |
| 6. Comparative Remuneration profile with respect to industry, size of the Company, profile of the position and person (in case if expatriates the relevant details would be w.r.t. the country of his origin) | The remuneration payable to Mr.G.Suresh has been bench marked with the remuneration being drawn by similar positions in the Industry and has been considered by the Nomination and Remuneration Committee of the Company at their meeting held on 09 <sup>th</sup> August, 2019.  |
| 7. Pecuniary Relationship:  | Mr.C.Ganapathy, Whole Time Director (Executive Chairman, Mr.G.Suresh, Managing Director & CEO and Mrs.S.Latha, Women Director are related to each other. Mr.C.Ganapathy, Mr.G.Suresh and Mrs.S.Latha do not have any pecuniary relationship, directly or indirectly with the Company or managerial personnel except to the extent of their shareholdings in the equity share capital of the Company and the salary drawn by them as Executive Chairman and Managing Director respectively. Mrs.S.Latha is paid only sitting fee for attending the Board Meetings of the Company and also payment of rent towards the Office leased to the company. Mr.C.Ganapathy, Mr.G.Suresh and Mrs.S.Latha hold 406350, 952060 and 972916 Equity Shares of Rs.10/- each, respectively as at 31.03.2019. |
| <b>III. OTHER INFORMATION</b>   |   |
| 1. Reasons for loss or inadequacy of profits:   | The Company's services require more brand visibility when compared to well established global software service providers. The Company continues to invest heavily in manpower development and due to uncertainty in the international markets, high competition, the Company is unable to increase the billing rates proportionate to the increase in the costs. These have resulted in making inadequate profits by the Company.   |
| 2. Steps taken or proposed to be taken for improvement:   | Marketing and Brand Building initiatives have been strengthened substantially. Steps have been taken to deliver higher value to the customers enabling the company to increase the Billing rates.<br><br>Additional leadership team is in place focusing to increase order booking, revenue and optimization of costs. These will ensure overall improvement.   |
| 3. Expected increase in productivity and profits in measurable terms:   | The aforesaid steps taken / to be taken by the Company are expected to improve the Company's performance and profitability in the future. A double digit growth is expected/targeted.   |



**Item No.9**

The Company proposes to enter into the business of generation of energy through non conventional methods and the Directors are optimistic that this will bring in good revenues for the Company. To carry on this new business it is necessary to amend the main object clause of the Memorandum of Association so as to include the new activity . The Board of Directors at their Meeting held on 09<sup>th</sup> August, 2019, have approved the amendment to the object clause subject to the approval of the shareholders.

In accordance to the provisions of Section 13 of Companies Act, 2013, the change in the object clause requires the approval of the Shareholders by way of a Special resolution

A copy of the proposed Memorandum of Association of the Company would be made available for the inspection of the Members at the Registered office of the Company during the office hours on any working days, except Saturdays, Sundays and Public holidays, between 11:00 am to 5:00 pm, till the date of the Annual General Meeting. The above documents are also available for inspection at the venue of the Annual General Meeting.

None of the Directors, Key Managerial Persons (KMPs) of the Company or any of the relatives of such Director or KMPs, shall be considered or interested in the proposed Special Resolutions.

The Board of Directors recommends the Special Resolution set out in item No. 9 of the notice for approval of the members.

**PURSUANT TO REGULATION 36 OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND PARAGRAPH 1.2.5 OF SECRETARIAL STANDARD ON GENERAL MEETING, FOLLOWING INFORMATION IS FURNISHED ABOUT THE DIRECTORS PROPOSED TO BE APPOINTED/REAPPOINTED, VIDE ITEM NO. 4, 5, 6, 7, & 8**

|   |   |   |
|---|---|---|
| i | Name of the Director  | Mr. R. Jayaraman  |
|   | DIN   | 08467922  |
|   | Age   | 61 years  |
|   | Date of appointment on Board  | 09.08.2019  |
|   | Date of last reappointment as an Independent Director   | NA  |
| : | Expertise in specific functional areas  | He was a Banker and has vast experience in Banking sector.<br>A retired Indian Bank Branch Manager with an abundant knowledge in financial and banking sector.<br>An expert in<br><ul style="list-style-type: none"> <li>&gt; General Management,</li> <li>&gt; Finance, and</li> <li>&gt; Accounting.</li> </ul> |
|   | Qualification   | MCom., CAIIB  |
|   | No.of Equity Shares held in Company   | NIL   |
|   | Number of Meetings of the Board attended during the year 2018-2019  | NA  |
|   | Terms and conditions of appointment or reappointment along with details of remuneration sought to be paid and the remuneration last drawn | Terms and conditions on appointment as per resolution No.4. Since Mr. R. Jayaraman is an Independent Director there is no remuneration sought to be paid. No remuneration was paid earlier. He is entitled only for the sitting fees.   |
|   | List of outside Directorships in Public /Private Companies  | NIL   |
|   | Chairman/Member of the Committees of Board of Directors of the Company  | NA  |
|   | Chairman/Member of the Committees of Board of Directors of other Companies in which he is a Director                                      | NIL   |
|   | Relationship with other Directors   | NIL   |

|    |   |  |
|----|---|--|
| ii | Name of the Director  | Mr. S.Padmanabhan  |
|    | DIN   | 08467788   |
|    | Age   | 64 years   |
|    | Date of appointment on Board  | 09.08.2019   |
|    | Date of last reappointment as an Independent Director   | NA   |
|    | Expertise in specific functional areas  | <p>He was a Banker and has vast experience in Banking sector. Has a wide experience in credit management, foreign exchange operations and treasury operations.</p> <p>During his time with Union Bank of India, he has headed two regions and has retired as a Deputy Zonal Head of Union Bank of India, New Delhi.</p> <p>An expert in:</p> <ul style="list-style-type: none"> <li>&gt; General Management,</li> <li>&gt; Finance, and</li> <li>&gt; Accounting.</li> </ul> |
|    | Qualification   | MCom., AICWA, CAIIB  |
|    | No. of Equity Shares held in Company  | NIL  |
|    | Number of Meetings of the Board attended during the year 2018-2019  | NA   |
|    | Terms and conditions of appointment or reappointment along with details of remuneration sought to be paid and the remuneration last drawn | Terms and conditions on appointment as per resolution No.5. Since Mr. S.Padmanabhan is an Independent Director there is no remuneration sought to be paid. No remuneration was paid earlier. He is entitled only for the sitting fees.   |
|    | List of outside Directorships in Public /Private Companies  | NIL  |
|    | Chairman/Member of the Committees of Board of Directors of the Company  | NA   |
|    | Chairman/Member of the Committees of Board of Directors of other  |  |
|    | Companies in which he is a Director   | NIL  |
|    | Relationship with other Directors   | NIL  |

|   |  |
|---|--|
| iv Name of the Director   | Dr. S.Thamburaj  |
| DIN   | 08467884   |
| Age   | 80 years   |
| Date of appointment on Board  | 09.08.2019   |
| Date of last reappointment as an Independent Director   | NA   |
| Expertise in specific functional areas  | He is a Doctorate in Horticulture and has a very vast experience in Research and Development.<br>He has worked as a Deen in Horticulture Department at Tamil Nadu Agricultural University.<br>An expert in:<br>> Research, and<br>> General Management |
| Qualification   | PHD(Horticulture)  |
| No.of Equity Shares held in Company   | NIL  |
| Number of Meetings of the Board attended during the year 2018-2019  | NA   |
| Terms and conditions of appointment or reappointment along with details of remuneration sought to be paid and the remuneration last drawn | Terms and conditions on appointment as per resolution No.6. Since Dr. S. Thamburaj is an Independent Director there is no remuneration sought to be paid. No remuneration was paid earlier. He is entitled only for the sitting fees.                  |
| List of outside Directorships in Public /Private Companies  | NIL  |
| Chairman/Member of the Committees of Board of Directors of the Company  | NA   |
| Chairman/Member of the Committees of Board of Directors of other Companies in which he is a Director                                      | NIL  |
| Relationship with other Directors   | NIL  |

|    |   |   |
|----|---|---|
| ii | Name of the Director  | Mr. C. Ganapathy  |
|    | DIN   | 00735840  |
|    | Age   | 80 years  |
|    | Date of appointment on Board  | 01.12.1995  |
|    | Date of last reappointment as an Independent Director   | NA  |
|    | Expertise in specific functional areas  | He has 44 years of valuable experience in various fields like General Management Production , Marketing and Finance.  |
|    | Qualification   | B.Sc(Agri)  |
|    | No.of Equity Shares held in Company   | 4,06,350 Equity Shares (As on 31.03.2019)   |
|    | Number of Meetings of the Board attended during the year 2018-2019  | Five Board Meetings   |
|    | Terms and conditions of appointment or reappointment along with details of remuneration sought to be paid and the remuneration last drawn | Terms and conditions on appointment as per resolution No.7. Since Mr. C. Ganapathy is appointed as a Non-Executive Non Independent Director (Designated Non Executive Chairman) there is no remuneration sought to be paid. Remuneration drawn earlier was (Inclusive of perquisites) Rs. 13,30,666 p.a. He is now entitled only for the sitting fees.. |
|    | List of outside Directorships in Public / Private Companies   | 1. G2 Technology Solutions India Private Limited.<br>2. Sindhu and Gowtham Securities and Investments Private Limited.  |
|    | Chairman/Member of the Committees of Board of Directors of the Company  | 1. Member of Stakeholders Relationship Committee.   |
|    | Chairman/Member of the Committees of Board of Directors of other Companies in which he is a Director                                      | NIL   |
|    | Relationship with other Directors   | Father of Mr. G. Suresh Managing Director & CEO and Father in Law of Mrs. S. Latha Woman Director   |

|    |   |  |
|----|---|--|
| ii | Name of the Director  | Mr. G.Suresh   |
|    | DIN   | 00600906   |
|    | Age   | 55 years   |
|    | Date of appointment on Board  | 01.09.1995   |
|    | Date of last reappointment as an Independent Director   | 01.09.2016   |
|    | Expertise in specific functional areas  | He has 30 years of rich experience on various fields like IT, General Management, Production, Marketing and Finance.   |
|    | Qualification   | B.E., M.B.A.   |
|    | No.of Equity Shares held in Company   | 9,52,060 Equity Shares (as on 31.03.2019)  |
|    | Number of Meetings of the Board attended during the year 2018-2019  | Five Board Meetings  |
|    | Terms and conditions of appointment or reappointment along with details of remuneration sought to be paid and the remuneration last drawn | Terms and conditions on reappointment and remuneration sought to be paid is as per resolution No.8 and remuneration last drawn was (Inclusive of perquisites) Rs.83,88,940/- Per Annum |
|    | List of outside Directorships in Public / Private Companies   | 1. Sindhu and Gowtham Securities and Investments Private Limited.  |
|    | Chairman/Member of the Committees of Board of Directors of the Company  | NIL  |
|    | Chairman/Member of the Committees of Board of Directors of other Companies in which he is a Director                                      | NIL  |
|    | Relationship with other Directors   | Son of Mr.C.Ganapathy, Non-Executive Chairman & Spouse of Mrs. S. Latha, Women Director.   |

(By Order of the Board)

**For CG-VAK SOFTWARE AND EXPORTS LIMITED**

Place: Coimbatore  
Date : 09<sup>th</sup> August, 2019

G. Suresh  
**Managing Director & CEO**  
(DIN : 00600906)

## **DIRECTORS' REPORT**

To the Members,

The Board of Directors of your Company take pleasure in presenting the 24<sup>th</sup> Annual Report on the business and operations of your Company and the Audited Financial Accounts for the year ended 31<sup>st</sup> March 2019.

### **FINANCIAL RESULTS 2018-19**

During the year under review, your Company has achieved a turnover of Rs.2035.24 lakhs as against Rs.1425.81 lakhs in the previous year. There is a net Profit of Rs.343.68 lakhs as against the net profit of Rs.108.29 lakhs in the previous year. The company has achieved significant growth in the Turnover and Profits earned.

### **GLOBAL REVENUE**

The global revenues for the Company including the business done by the Wholly Owned Subsidiary for the year under review is Rs.3670 lakhs as compared to Rs.3042 lakhs in the previous year.

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

In the financial year 2018-19, despite challenging business environment, your company has achieved a growth of 43% in the total revenue and the net profit has increased significantly to Rs. 343.68 lakhs from Rs.108.29 lakhs.

The contribution of business from various Geographical areas were:

North America contributed 78% and Rest of the World 22% of the business.

During the year under review, Business from Offshore Software Services is *Rs.1971.50 lakhs* as against *Rs.1302.11 lakhs* in the previous year. The increase has been *at 51%* as compared to previous year. Significant growth has been achieved in the offshore component of the business.

### **FUTURE PLANS**

Global business scenario is undergoing rapid change and disruption, due to new business models adopted by corporations which use latest technology as their backbone of their operations. This provides opportunities for IT service providers like us. More and more companies from almost every part of the world are using offshore service providers to meet their software needs.

The company has been growing positively in the offshore software services business and this momentum is likely to continue this year.

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

Out-sourced Product development (OPD) market space continues to be the focus area for the Company as we have achieved a significant success. The performance in Cloud practice has been very good and it is expected to grow at the same pace. Apart from strengthening the presence in the markets the company operates now, plans are in place to penetrate into newer geographies globally.

We expect a positive growth this year and the Company should perform better in the ensuing year Financial Year 2019-20.

### **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 9001:2015 standards.

### **DIVIDEND**

Your Directors recommended a dividend of Rs. 0.75 per equity share (i.e. 7.5% on each equity share having Face value of Rs. 10 each), subject to the approval by the shareholders at the ensuing Annual General Meeting. The total dividend payout will be of *Rs.45.67 lakhs inclusive of tax amount of Rs.7.79 lakhs*. During the previous year ended 2017-2018, your Company has paid a dividend of *Rs.25.25 lakhs*.

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

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

**TRANSFER TO RESERVES**

No amount has been transferred to the general reserve.

**TRANSFER TO INVESTORS EDUCATION AND PROTECTION FUND**

During the financial year 2018-19, the Company is not liable to transfer any amounts to Investor Education and Protection Fund. The Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 24<sup>th</sup> September, 2018 (being date of last Annual General Meeting), on the website of the Company ([www.cgvak.com](http://www.cgvak.com)) as also on the Ministry of Corporate Affairs website. Efforts are also made to co-ordinate with the Registrar and Share Transfer Agents to locate shareholders who have not claimed their dues.

**SHARE CAPITAL**

The Paid-up share capital of the Company as at 31<sup>st</sup> March, 2019 aggregates to Rs. 5,05,02,000/- comprising of 50,50,200 equity shares of Rs. 10/- each fully paid up.

**STATEMENT ON COMPLIANCE OF APPLICABLE SECRETARIAL STANDARDS**

The Directors have devised proper system to ensure compliance with the applicable Secretarial Standards and that such systems are adequate and operating effectively. The Company has duly complied with Secretarial Standards issued by the Institute of Company Secretaries of India on the Meeting of the Board of Directors (SS-1) and General Meeting (SS-2).

**HUMAN RESOURCE**

Your Company firmly believes that employees are its most valued resource and their efficiency play a key role in achieving defined goals and building a competitive work environment. Many initiatives have been taken to enhance their Technical, managerial skills. Also, various employee engagement programs have helped the organization to achieve higher productivity levels. In its pursuit to attract, retain and develop best available talents, several programs are regularly conducted at various levels across the Company. Employee relations continued to be cardinal and harmonious across all levels of the Company.

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

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

**DEPOSITORY SYSTEM**

The trading in the Equity Shares of your Company is under compulsory dematerialization mode. As on 31<sup>st</sup> March, 2019, Equity Shares representing 91.945% of the equity share capital are in dematerialized form. As the depository system offers numerous advantages, members are requested to take advantage of the same and avail of the facility of dematerialization of the Company's shares.

**LISTING OF SHARES**

The Equity Shares of your Company continue to remain listed with BSE Limited. The listing fees for the year 2019-20 have been paid to the Stock Exchange. The Shares of the companies are compulsorily tradable in dematerialized form.

**INSURANCE**

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

**CONSOLIDATED FINANCIAL STATEMENTS**

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

**CORPORATE GOVERNANCE**

At CG-VAK, Corporate Governance is not just a legal obligation, the frame work ensures that all the disclosures and information's provided are precise and time bound. Transparency, Accountability, Integrity and Independence are the bottom-line of our Governance. The Company will continue to uphold the true spirit of Corporate Governance and implement best governance practices.

A detailed report on Corporate Governance, pursuant to the requirements of SEBI (LODR) is available as a separate section in this Annual Report. The Auditor's report on Corporate Governance, confirming the compliance of conditions of Corporate Governance as stipulated is annexed as a part of this report.

**MANAGEMENT DISCUSSION AND ANALYSIS**

Pursuant to Regulation 34 of SEBI (LODR), Regulations 2015, the Management Discussion and Analysis Report for the year under review is presented in a separate section forming part of this Annual Report.

**NUMBER OF MEETINGS OF THE BOARD**

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

**AUDIT COMMITTEE**

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

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

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

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

**A) CONSERVATION OF ENERGY**

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

**B) TECHNOLOGY ABSORPTION**
**a) Research & Development**

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

**b) Technology Absorption**

The Company has not absorbed technology from outside.

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

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

**C) FOREIGN EXCHANGE EARNING AND OUTGO**

(Rs.)

|                           |                     |
|---------------------------|---------------------|
| Foreign Exchange Earnings | <b>20,35,24,055</b> |
| Foreign Exchange Outgo    | <b>13,32,021</b>    |
| Foreign Travel            | 8,81,295            |
| Others                    | 4,50,726            |

**PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES**

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

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



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

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

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

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

**EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS**

There were no qualifications, reservations or adverse remarks made either by the Statutory Auditors or by the Practicing Company Secretary in their respective reports. Your Directors have provided explanation in *Annexure - 2* for the matter of emphasis in the Auditor's Report.

**CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES**

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. All Related Party Transactions are placed before the Audit Committee as also in the Board for approval.

The disclosure on related party is annexed herewith as *Annexure - 3*.

**POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION**

The current Policy is to have an appropriate mix of executive and independent directors to maintain the Independence of the Board and separate its functions of the governance and management. As on 31<sup>st</sup> March, 2019, the Board consists of 7 members, two of whom are executive or whole time directors, one of whom is Non executive Women Director and Four are independent directors. The Board periodically evaluates the need for change in its composition and size.

The policy of the Company on Directors' appointment and remuneration, including Criteria for determining Qualification, positive attributes, independence of a director and other matters provided under Sub-Section(3) of Section 178 of the Companies Act, 2013 adopted by the Board, is appended as *Annexure 4* to the Board's Report. We affirm that the remuneration paid to the Directors is as per the terms laid out in the nomination and remuneration policy of the company.

**WHOLLY OWNED SUBSIDIARY: CG-VAK SOFTWARE USA INC.**

As on 31<sup>st</sup> March, 2019, your Company has only one wholly owned subsidiary. Your Company's Wholly Owned Subsidiary at USA, CG-VAK Software USA Inc. has made a Sales Turnover of US\$ 2.50 million during this year, compared to the US\$ 2.53 million during the previous year. There has been a drop of revenue by 1% over the previous financial year. The drop is mainly due to the difficulty in obtaining visas for the engineers to travel to the USA and work in the subsidiary.

During the year, the Board of Directors reviewed the affairs of the wholly owned subsidiary. In accordance with Section 129(3) of the Companies Act, 2013, we have prepared consolidated financial statements of the Company and the wholly owned subsidiary, which forms part of the Annual Report. Further, a statement containing the salient features of the financial statement of our wholly owned subsidiary in the prescribed format AOC-1 is appended as *Annexure - 5* to the Board's Report. The statement also provides the details of performance, financial positions of the wholly owned subsidiary.

In accordance with Section 136 of the Companies Act, 2013, the audited financial statement, including the Consolidated Financial Statements and related information of the Company and the wholly owned subsidiary are available on our website. These documents will also be available for inspection during the business hours at our Registered Office.

The Company has no other subsidiary/Joint ventures/associates other than the above mentioned.

**EXTRACT OF ANNUAL RETURN**

In accordance with Section 134(3)(a) of the Companies Act, 2013, an extract of annual return in the prescribed format is appended as Annexure -6 to Board's Report.

A copy of which is placed at the website of the Company ([www.cgvak.com](http://www.cgvak.com)).

**CORPORATE SOCIAL RESPONSIBILITY**

The provisions of Section 135 of Companies Act, 2013 is not applicable to our Company.

**DIRECTOR'S RESPONSIBILITY STATEMENT AS REQUIRED UNDER SECTION 134(3) (C) OF THE COMPANIES ACT, 2013**

In accordance with the provisions of Section 134(3)(c) of the Companies Act, 2013, the Directors would like to state that:

- 1 In preparation of annual accounts for the financial year ended 31<sup>st</sup> March, 2019, the applicable accounting standards have been followed.
- 2 The Directors have 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 profit and loss of the Company for that period.
- 3 The Directors have taken proper and sufficient care towards the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- 4 The Directors have prepared the annual accounts on a going concern basis.
- 5 The Directors have laid down internal financial controls, which are adequate and are operating effectively.
- 6 The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

**SIGNIFICANT AND MATERIAL ORDERS**

The Joint Director, Directorate of Enforcement vide their order dated 29.11.2017, imposed a Penalty amounting to Rs. 14,00,000/- on the Company for certain procedural lapses under FEMA, 1999. The Company had paid the said penalty amount on 11<sup>th</sup> January, 2018. The said penalty was paid by the Company in order to buy peace with the department.

**PUBLIC DEPOSIT**

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

**DIRECTORS AND KEY MANAGERIAL PERSONNEL****(A) DIRECTORS****Director liable to retirement by rotation**

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

**Appointment of Independent Directors**

Mr. R. Jayaraman (DIN: 0008467922) and Mr. S. Padmanabhan (DIN: 0008467788) have been appointed as Additional Directors with effect from 09<sup>th</sup> August, 2019 and they hold office upto this Annual General Meeting. Mr. R. Jayaraman and Mr. S. Padmanabhan are proposed to be appointed as Independent Directors at this Annual General Meeting and have given their consent and declaration that they fulfill the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 as well as Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including statutory re-enactment thereof for the time being in force).

Dr. S. Thamburaj (DIN: 0008467884) is proposed to be as an Independent Director at this Annual General Meeting and has given his consent and declaration that he fulfill the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 as well as Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including statutory re-enactment thereof for the time being in force).

The resolutions for their appointment is set out in the Notice along with the necessary explanatory statement. The Board of Directors recommends the appointment of the Independent Directors.

#### **Re-appointment of Executive Directors as Non-executive Director**

Mr. C. Ganapathy's held the office as Executive Director ( Designated as Executive Chairman), upto 30<sup>th</sup> June 2019. The Board of Directors on the approval of the Nomination and Remuneration Committee have reappointed him as an Non Executive Director.

The resolutions for his appointment is set out in the Notice along with the necessary explanatory statement. The Board of Directors recommends the appointment of Mr. C. Ganapathy's as a Non Executive Non Independent Director( Designated as Non Executive Chairman).

#### **Re-appointment of Managing Director and CEO**

The Board of Directors had, on the approval of the Nomination and Remuneration Committee and approval of Audit Committee, have re-appointed Mr. G. Suresh (DIN: 00600906) as Managing Director and CEO of the Company for a further period of 3 (three) years with effect from 01<sup>st</sup> September, 2019. The terms and conditions of his appointment including his remuneration, are subject to the approval of the shareholders in this ensuring Annual General Meeting.

The resolutions for his appointment is set out in the Notice along with the necessary explanatory statement The Board recommends the re-appointment of the Managing Director and CEO.

Brief particulars of Directors eligible for reappointment in terms of SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standards are annexed to the Notice dated 09<sup>th</sup> August, 2019 convening the 24<sup>th</sup> Annual General Meeting.

#### **Cessation**

In accordance with their terms of appointment Mr. S. Muthukumar, Mr. S. Mohan and Mr. M. Durairaj, Independent Directors, of the Company will vacate their office with effect from 25<sup>st</sup> September, 2019, pursuant to Section 149(10) and other applicable provisions of the Companies Act, 2013. The Board places on records its appreciation for the valuable contributions made by them during their tenure as Independent Directors of the Company. .

#### **(B) KEY MANAGERIAL PERSONNEL**

Pursuant to provisions of Section 203 of the Companies Act, 2013, Mr.C.Ganapathy, Executive Chairman, Mr.G.Suresh, Managing Director & CEO, Mr.P.S.Subramanian, Chief Financial Officer and Mr. GovindM Joshi, Company Secretary and Compliance Officer are the Key Managerial Personnel of the Company as at 31<sup>st</sup> March, 2019.

#### **DECLARATION BY INDEPENDENT DIRECTORS**

The company has received necessary declaration from each independent Director under section 149(7) of the Companies Act, 2013 that they meet the criteria of independence laid down in Section 149(6) of the Companies Act 2013 and SEBI (LODR) Regulations.

#### **BOARD EVALUATION**

The evaluation framework for assessing the performance of Directors comprises of the following key areas:

1. Attendance of Board Meeting and Board Committee Meetings
2. Quality of Contribution to Board deliberations
3. Strategic perspectives or inputs regarding future growth of the Company and its performance
4. Providing perspectives and feedback going beyond information provided by the management
5. Commitment to shareholders and other stakeholder interests

The evaluation involves self-evaluation by the Board Members and subsequent assessment by the Board of Directors. A member of the Board will not participate in the discussion of his/ her evaluation.

#### **VIGIL MECHANISM/WHISTLE BLOWER POLICY**

The Company has adopted a Whistle Blower Policy as a mechanism for employees to report to the management concerned about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct and it affirms that no

personnel have been denied access to the Audit Committee. A copy of Whistle Blower Policy has been placed at our website at [www.cgvak.com](http://www.cgvak.com) for reference.

### **AUDITORS**

Statutory Auditors, M/s. N. C. Rajan & Co, Chartered Accountants were appointed to hold office for a term of five consecutive years ie, from the conclusion of 21<sup>st</sup> AGM till the conclusion of 26<sup>th</sup> AGM. Consequent upon the amendments to the Companies Act, 2013, ratification of appointment of the Statutory Auditors is no longer required.

The Auditors Report for the financial year 31.03.2019 does not contain any qualification, adverse remarks, reservation or disclaimer.

### **SECRETARIAL AUDITOR**

Mrs.Manimekala V Raj,Practicing Company Secretary was appointed to conduct the secretarial audit of the company for financial year 2019-20, as required under Section 204 of the Companies Act,2013 and Rules made there under. The secretarial audit report for FY 2018-19 forms part of the Annual Report as Annexure 7 to the Board's Report.

### **COST RECORDS AND COST AUDIT**

Maintenance of cost records and requirements of cost audit as prescribed under the provisions of Section 148(1) of the Companies Act, 2013 are not applicable for the business activities carried out by the Company.

### **INTERNAL FINANCIAL CONTROLS**

The Company has in place adequate internal financial controls with reference to Financial Statements. Such controls were tested during the financial year and no material weakness in the design or operation was observed.

### **DETAILS OF FRAUDS REPORTED**

The Auditors of the Company have not reported any fraud specified under Section 143(12) of the Companies, Act, 2013.

### **DISCLOSURE AS REQUIRED UNDER SECTION 22 OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013.**

The Company has in this place an Anti Sexual Harassment Policy in line with the requirements of the sexual harassment of women at workplace (prevention, prohibition, redressal) Act, 2013. The Internal Complaints Committee ("ICC") has been setup to redress the complaints received regarding sexual harassment. All employees are covered under this policy.

The following are the complaints received and disposed off during the financial year 2018-19:

- |                                   |     |
|-----------------------------------|-----|
| A. No. of complaints received     | : 0 |
| B. No. of complaints disposed off | : 0 |

### **ACKNOWLEDGEMENT**

The Directors of your Company would like to take this opportunity to thank one and all associated with it enabling it to scale greater heights and emerge as a recognized software solutions vendor in the industry. The faith and confidence shown on your Company by banks, global clients, government authorities and shareholders has propelled our enthusiasm and strengthen our determination to achieve our vision.

Finally your Directors would like to express their sincere thanks to the dedication and committed hard work of the employees working in India, USA and at various client locations to reach our corporate vision working in India, USA and at various client locations to reach our corporate vision..

(By Order of the Board)

**For CG-VAK SOFTWARE AND EXPORTS LIMITED**

Place: Coimbatore  
Date : 09<sup>th</sup> August, 2019

C.Ganapathy  
**Chairman**  
DIN 00735840

**Annexure - 1 to Director's Report**

Particulars of Remuneration of Directors and Employees pursuant to Section 197 (12) of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

- (i) The ratio of the remuneration of each Director to the median remuneration of the employees of the company for the financial year:

| S. No. | Name of the Director                  | Ratio          |
|--------|---------------------------------------|----------------|
| 1      | Mr.C.Ganapathy, Executive Chairman    | 2.66           |
| 2      | Mr.G.Suresh, Managing Director & CEO  | 16.77          |
| 3      | Mr.M.Durairaj, Independent Director   | Not Applicable |
| 4      | Mr.S.Muthukumar, Independent Director | Not Applicable |
| 5      | Mr.S.Mohan, Independent Director      | Not Applicable |
| 6      | Mr.A.Sankar, Independent Director     | Not Applicable |
| 7      | Mrs.S.Latha, Women Director           | Not Applicable |

During the year, the Non-Executive Directors received only the sitting fees as remuneration.

- (ii) The percentage increase in remuneration of each Director, Chief Financial Officer (CFO), Chief Executive Officer (CEO), Company Secretary (CS) or Manager, if any, in the financial year:

| S.No | Name of the Director / CFO/ CEO/CS        | % Increase/(Decrease) in remuneration |
|------|---|---------------------------------------|
| 1    | Mr.C.Ganapathy, Executive Chairman        | 3%                                    |
| 2    | Mr.G.Suresh, Managing Director & CEO      | 7%                                    |
| 3    | Mr.M.Durairaj, Independent Director       | Not Applicable                        |
| 4    | Mr.S.Muthukumar, Independent Director     | Not Applicable                        |
| 5    | Mr.S.Mohan, Independent Director          | Not Applicable                        |
| 6    | Mr.A.Sankar, Independent Director         | Not Applicable                        |
| 7    | Mrs.S.Latha, Non Executive Women Director | Not Applicable                        |
| 8    | Mr.P.S.Subramanian, CFO                   | 12%                                   |
| 9    | Mr.Govind M Joshi, CS                     | Not Applicable                        |

- (iii) The percentage increase in the median remuneration of the employees in the financial year 7.84%
- (iv) Number of Permanent Employees on the rolls of the company (As on 31<sup>st</sup> March, 2019) 205
- (v) The explanation on the relationship between average increase in remuneration and company performance:  
The performance of the company has increased when compared with the previous year. The increase granted to employees is in line with the normal increase granted by company from time to time and is intended to compensate for inflation and motivate employees to perform at their best.
- (vi) Comparison of the remuneration of the Key Managerial Personnel (KMP) against the performance of the company

| KMP's Remuneration (including perquisites) 2018-19(Rs Lakhs) | % Increase/ (Decrease) in KMP's remuneration (2018-19 against 2017-18 including perquisites) | Sales 2018-19 (Rs in Lakhs) | % Increase/ (Decrease) in sales (2018-19 against 2017-18) |
|--|--|-----------------------------|---|
| 114.44   | 7.80%  | 2035.24                     | 42.74%  |

- (vii) Variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with last public offer in case of listed companies and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year:

| Particulars                         | As on 31.03.2018 | As on 31.03.2019 | Variations | %+/-  |
|-------------------------------------|------------------|------------------|------------|-------|
| Market Capitalization (Rs in Lakhs) | 1080.74          | 2141.28          | 1060.54    | 98%   |
| Price earnings ratio                | 9.73             | 6.21             | (3.52)     | (36%) |

|  |   |
|--|---|
| Market quotations of the shares as on 31.03.2019 (BSE)                           | Rs.42.40/- per share of the face value Rs.10/- per share  |
| Market quotations of the shares when the company came out with last public offer | Public Issue in December 1995 at a price of Rs.10/- per share of the face Value Rs.10/- per share.  |
| Percentage increase/decrease over in the market quotations of the company        | The Company has come out with initial public offer in December 1995. An amount of Rs. 10/- invested in the said IPO would be worth Rs. 42.40 as on 31st March, 2019 indicating a compounded annual growth rate of 6.2% which is excluding the dividend accrued thereon. |

- (viii) Average percentile increase already made in salaries of employees other than managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for the increase in the managerial remuneration: The average percentile increase granted to employees other than the managerial personnel is 17%. The percentile increase granted to managerial personnel is 7.8%.

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

| KMP's Name & Designation                              | Remuneration for 2018-19 (RsLakhs) | %Increase / (Decrease) in Remuneration (2018-19 against 2017-18) | Sales (for 2018-19) (Rs in Lakhs) | %Increase in Sales (2018-19 against 2017-18) |
|---|------------------------------------|--|-----------------------------------|--|
| Mr.C.Ganapathy, Executive Chairman                    | 13.31                              | 3%   | 2035.24                           | 42.74%                                       |
| Mr.G.Suresh, Managing Director & CEO                  | 83.89                              | 7%   |                                   |  |
| Mr.P.S.Subramanian, Chief Financial Officer           | 9.50                               | 12%  |                                   |  |
| Mr.Harcharan. J & Mr.Govind M Joshi Company Secretary | 7.74                               | 24%  |                                   |  |

- (x) The key paramaters for any variable Component of remuneration availed by the Directors. The Managing Director is eligible for 1% commission on net profits of the Company, which he has waived.
- (xi) The ratio of the remuneration of the highest paid Director to that of employees who are not Directors but receive remuneration in excess of the highest paid Director during the year. Since the remuneration of the highest paid employee is not in excess of the highest paid Director, it is not applicable.

- (xii) We affirm that the remuneration paid to Directors, Key Managerial Personnel and employees is as per the remuneration policy approved by the Board of Directors of the company.
- (xiii) Statement of employees receiving remuneration not less than 5 lakh rupees per month : Not Applicable

**NOTE:**

1. Mr.C.Ganapathy , Mr.G.Suresh and Mrs.S.Latha are related to each other
2. Gross remuneration comprises salary, commission, allowance, monetary values of perquisites and the company's contribution to the provident fund, Gratuity Fund and Superannuation Fund.
3. Net remuneration is exclusive of contributions to provident fund, gratuity fund, superannuation fund and tax deducted.

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

Place: Coimbatore  
Date : 09<sup>th</sup> August, 2019

C.Ganapathy  
**Chairman**  
DIN 00735840

**Annexure - 2 to Director's Report**

**Explanations on the Matter of Emphasis in the Auditors' Report to the members of  
M/s. CG-VAK Software And Exports Limited for the year ended 31<sup>st</sup> March, 2019**

1. With reference to the auditors' remark on non provision of gratuity claim (note no.23A(i), of the notes forming part of accounts) , we wish to state that no provision has been made as the Director concerned was a Non Executive Director and was not drawing any salary and hence not eligible for gratuity. The company has disputed the claim and the same is pending before the Labour Court;
2. With reference to the auditors' remark on non provision of gratuity claim (note no.23A(ii), of the notes forming part of accounts), we wish to state that no provision has been made as the employee was not eligible for gratuity. The company has disputed the claim and the same is pending before the Labour Court;
3. With reference to the Auditors' remark on non-payment of fixed deposit (note no.23A(iii), of the notes forming part of accounts), we wish to state that The Fixed Deposit claim is an appeal made by a Former Managing Director and his family members before the High Court, Madras against the Company Law Board's Order. The Company Law Board had earlier passed an order that the claim was not maintainable and decided in favor of Company during June, 2011. The Company has disputed the claim before the High Court Madras.
4. With reference to the auditors' remark on cases filed by Registrar of Companies, Coimbatore (note no.23-A(v), of the notes forming part of accounts), we wish to state that the case was filed pursuant to inspection made under Section carried out in the year 2012. The company has disputed and the same is pending before the Hon'ble Additional Sessions Judge, Coimbatore;

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

Place: Coimbatore  
Date : 09<sup>th</sup> August, 2019

C.Ganapathy  
**Chairman**  
DIN 00735840

**Annexure - 3 to Director's Report**
**Form No. AOC-2**

[Pursuant to Clause(h) of Sub-Section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form of disclosure of Particulars of contracts/arrangements entered into by the company with the related parties referred to in Sub-Section (1) of Section 188 of the Companies Act, 2013 including certain arms-length transactions under third proviso thereto.

**1. Details of contracts or arrangements or transactions not at arm's basis:**

| S.No.          | Name of related party and nature of relationship | Name of contracts / arrangements / transactions | Duration of contracts/ arrangements/ transactions | Salient features of contracts/arrangements/ transactions, including value, if any | Justifications for entering into such contracts/arrangements/ transactions | Date(s) of approval by the Board | Amount paid as advances, if any | Date on which special resolution was passed in General meeting u/s 188 |
|----------------|--|---|---|---|--|----------------------------------|---------------------------------|--|
| (A)            | (B)  | (C)   | (D)   | (E)   | (F)  | (G)                              | (H)                             |  |
| Not Applicable |  |   |   |   |  |                                  |                                 |  |

**2. Details of material contracts or arrangements or transactions at arm's-length basis.**

| S.No. | Name of related party and nature of relationship | Name of contracts / arrangements / transactions   | Duration of contracts/ arrangements/ transactions  | Salient features of contracts/arrangements/ transactions, including value, if any   | Date(s) of approval by the Board / Audit committee   | Amount paid as advances, if any      |
|-------|--|---|--|---|--|--------------------------------------|
| (A)   | (B)  | (C)   | (D)  | (E)   | (F)  |                                      |
| 1     | S. Latha,<br>Women Director                      | 1. Rental Agreement renewed on 31.01.2019 upto 31.12.2019<br>2. Rental Agreement dated 01.10.2018 upto 31.08.2019 | 1. Renewed in every 11 months at Rs.1,61,051/month<br>2. 11 months - Rs.1,98,000/month from 01.10.18 to 31.03.19 (50% concessional Rent) and Rs.3,96,000 from 01.04.19 to 31.08.2019 | 1. Leasing of Property & Renewed in every 11 months at Rs.1,61,051/month<br>2. Leasing of Property & for 11 months- Rs.1,98,000/month from 01.10.18 to 31.03.19 (50% concessional Rent) and Rs.3,96,000 from 01.04.19 to 31.08.2019 | Since these RPTs are in the ordinary course of business and are at arm's length basis, approval of the Board is not applicable. However, these are reported to Audit Committee/ Board at their meetings. | Rs.11,00,000/-<br><br>Rs.39,60,000/- |
| 2     | CG-VAK Software USA Inc (WOS)                    | IT Recruitment & Accounting Services rendered to WOS  | During April 2018 to March 2019  | Rs.41,39,223/-  |  | Not Applicable                       |

(By Order of the Board)

**For CG-VAK SOFTWARE AND EXPORTS LIMITED**

Place: Coimbatore  
Date : 09<sup>th</sup> August, 2019

C. Ganapathy  
**Chairman**  
DIN 00735840



***Annexure - 4 to Director's Report*****POLICY FOR SELECTION OF DIRECTORS AND DETERMINING DIRECTORS' INDEPENDENCE****1. Introduction**

1.1 CG-VAK Software And Exports Ltd (CG-VAK) believes that an enlightened Board consciously creates a culture of leadership to provide a long term vision and policy approach to improve the quality of governance.

Towards this, CG-VAK ensures constitution of a Board of Directors with an appropriate composition, size, diversified expertise and experience and commitment to discharge their responsibilities and duties effectively.

1.2 CG-VAK recognizes the importance of Independent Directors in achieving the effectiveness of the board. CG-VAK aims to have an optimum combination of Executive, Non-Executive and Independent Directors.

**2. Scope and Exclusion:**

This policy sets out the guiding principles for the Nomination and Remuneration committee for identifying persons who are qualified to become Directors and to determine the independence of Directors, in case of their appointment as independent directors of the Company.

**3. Terms and References:**

In this policy, the following terms shall have the following meanings:

3.1 Director means a director appointed to the Board of the Company.

3.2 Nominations and Remuneration Committee means the committee constituted by CG-VAK's Board in accordance with the provisions of Section 178 of the Companies Act, 2013 and SEBI (LODR) Regulations.

3.3 Independent Director means a director referred to in sub-section (6) of Section 149 of the Companies Act, 2013 and SEBI (LODR) Regulations.

**4. Policy:****4.1. Qualification and criteria**

4.1.1. The Nomination and Remuneration Committee, and the Board, shall review on an annual basis, appropriate skills, knowledge and experience required for the Board as a whole and its individual members. The objective is to have a Board with diverse background and experience that are relevant for the Company's global operations.

4.1.2. In evaluation the suitability of individual Board members, the Nomination and Remuneration committee may take into account factors, such as:

- General understanding of the Company's business dynamics, global business and social perspective;
- Educational and professional background Standing in the profession;
- Personal and professional ethics, integrity and values;
- Willingness to devote sufficient time and energy in carrying out their duties and responsibilities effectively.

4.1.3. The proposed appointee shall also fulfill the following requirements:

- Shall possess a Director Identification Number;
- Shall not be disqualified under the Companies Act, 2013;
- Shall give his written consent to act as a Director;
- Shall endeavour to attend all Board meetings and wherever he is appointed as a Committee Member, the Committee Meetings;
- Shall abide by the Code of Conduct established by the Company for Directors and Senior Management Personnel;
- Shall disclose his concern or interest in any company or companies or bodies corporate, firms, or others association of individuals including his shareholding at the first meeting of the Board in every financial year and thereafter whenever there is a change in the disclosures already made;
- Such other requirements as may be prescribed, from time to time, under the Companies Act, 2013, SEBI (LODR) Regulations and other relevant laws.

4.1.4. The Nomination and Remuneration committee shall evaluate each individual with the objective of having a group that best enables the success of the Company's business.

## 4.2 Criteria of Independence

4.2.1 The Nomination and Remuneration committee shall assess the independence of Directors at the time of appointment/re-appointment and the Board shall assess the same annually. The Board shall re-assess determinations of independence when any new interests or relationships are disclosed by a Director.

4.2.2. The criteria of independence, as laid down in Companies Act, 2013 and SEBI (LODR) Regulations, is as below;

An independent director in relation to a company, means a director other than a managing director or a whole time director or a nominee director

- a) Who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- b)
  - i) who is or was not a promoter of the company or its holding, subsidiary or associate company;
  - ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
- c) who has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- d) none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- e) who, neither himself nor any of his relatives
  - i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
  - ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of
    - A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
    - B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
  - iii) holds together with his relatives two per cent or more of the total voting power of the company; or
  - iv) is a Chief Executive or Director, by whatever name called, of any non-profit organization that receives twenty-five per cent or more of its receipts from the Company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company; or
- f) Shall possess such other qualifications as may be prescribed.

4.2.3. The Independent Directors shall abide by the Code for Independent Directors as specified in Schedule IV to the Companies Act, 2013.

## 4.3. Other directorships / committee memberships

4.3.1. The Board members are expected to have adequate time and expertise and experience to contribute to effective Board performance.

Accordingly, members should voluntarily limit their directorships in other listed public limited companies in such a way that it does not interfere with their role as directors of the Company. The Nomination and Remuneration Committees shall take into account the nature of, and the time involved in a Director's service on other Boards, in evaluating the suitability of the individual Director and making its recommendations to the Board.

4.3.2. A Director shall not serve as Director in more than 20 Companies of which not more the 10 shall be Public Limited Companies.

4.3.3. A Director shall not serve as an Independent Director in more than 7 Listed Companies and not more than 3 Listed Companies in case he is serving as a Whole-time Director in any Listed Company.

4.3.4. A Director shall not be a member in more than 10 Committees or act as Chairman of more than 5 Committees across all companies in which he holds directorships.

For the purpose of considering the limit of the Committees, Audit Committee and Stakeholders' Relationship Committee of all Public Limited Companies, whether listed or not, shall be included and all other companies including Private Limited Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013 shall be excluded.

## **POLICY ON REMUNERATION**

### **Objectives of the policy**

- I. The Company's Remuneration Policy is aimed to attract and retain the best talents by ensuring a fair, transparent and equitable remuneration to employees and Directors, based inter alia on individual job requirements, responsibilities, commensurate qualifications of individuals, experience, the performance of the Company and the performance / contribution of the individual employee. The policy enables a framework that allows for fair rewards for the achievement of key deliverables, in line with industry and Group practice.
- II. The Company follows a compensation mix of fixed and performance linked variable pay. Individual performance pay is measured through a structured and transparent appraisal process.

### **Managing Director (MD) / Executive Director (ED) / Whole-time Director (WTD)**

- III. When determining the remuneration for the MD / ED / WTD the Company will take into account the market sector that it operates business performance and the practices in other comparable Companies including global companies when appropriate.
- IV. The Company pays remuneration by way of Salary, Perquisites and performance linked variable pay to its MD / ED / WTD, within the overall ceiling limits approved by the Shareholders of the Company, subject to the provisions of the Companies Act, 2013. The Nomination & Remuneration Committee recommends the performance linked variable pay, payable to the MD / ED / WTD based on the profits for the financial year and as per the policy of the Group, based on the performance of the Company as well as that of the MD / ED / WTD and as prescribed under the Companies Act and within overall limits approved by the shareholders. The Board of Directors approves the variable pay payable for the year based on the recommendations of the Nomination & Remuneration Committee.
- V. The Company also extends other perquisites as is applicable to the Senior Management Personnel of the Company and as per the Policy of the Company as may be approved by the Nomination & Remuneration Committee / Board of Directors from time to time.

### **Non-Executive & Independent Directors**

The Company currently pays sitting fees for attending the meetings of the Board / Committees thereof, which includes Audit Committee, Nomination & Remuneration Committee and Stakeholder's Relationship Committee. Any change in this fee would have to be approved by the Board of Directors within the limits and provisions of the Companies Act, 2013.

The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending the meetings as and when applicable.

### **Key Managerial Personnel (KMP) & Senior Management Personnel (SMP)**

KMP as defined in the Companies Act 2013, includes the Chief Financial Officer and the Company Secretary. The Senior Management Personnel are all those Executives who directly report to the MD / ED / WTD i.e. one level below the Board of Directors.

The Compensation package to the KMPs and the SMPs will comprise:

- Salary and applicable allowances. The annual salary revision for members of the KMPs and SMPs will be subject to approval by the Nomination and Remuneration Committee.
- A performance linked variable pay, based on the performance of the Company and the concerned individual.
- Applicable Perquisites based on HR policies.
- Pension and other retrial benefits in accordance with the relevant statutes.

Any other perquisite in accordance with the Policy of the Company and as approved by the Nomination & Remuneration Committee / Board of Directors, from time to time. to time.

Annexure - 5 to Director's Report
**Form AOC -1**

Pursuant to Section 129(3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014.

Statement containing salient features of the financial statement of the subsidiary

(in Rs.)

|    |                                 |                              |
|----|---------------------------------|------------------------------|
| 1  | Name of the Subsidiary          | CG-VAK Software USA Inc.     |
| 2  | Reporting Period                | 31 <sup>st</sup> March, 2019 |
| 3  | Reporting Currency              | USD                          |
| 4  | Exchange Rate*                  | 68.35                        |
| 5  | Share Capital                   | 3,31,00,161                  |
| 6  | Reserves and Surplus            | 8,20,89,848                  |
| 7  | Total Assets                    | <b>12,52,46,214</b>          |
| 8  | Total Liabilities               | <b>12,52,46,214</b>          |
| 9  | Details of Investments          | NA                           |
| 10 | Turnover and Other Income       | <b>16,53,85,131</b>          |
| 11 | Profit / (Loss) Before Taxation | <b>19,85,980</b>             |
| 12 | Provision for Taxation          | 7,90,650                     |
| 13 | Profit / (Loss) After Taxation  | <b>11,95,330</b>             |
| 14 | Proposed Dividend               | NA                           |
| 15 | Percentage of Holding           | 100%                         |

The Financial Statements of subsidiary whose reporting currency other than INR are converted into India Rupees on the basis of appropriate exchange rate.

The financial statements of the Subsidiary which are reported in US Dollars are converted into Indian rupees at Rs.68.35/USD (Rs.64.15/USD for the previous year ended 31<sup>st</sup> March, 2018) and translated on appropriate basis for monetary, non-monetary, income and expenditure.

For and on Behalf of the Board of Directors

G.Suresh  
**Managing Director**  
 DIN : 00600906

C.Ganapathy  
**Executive Chairman**  
 DIN : 00735840  
 P.S. Subramanian  
**Chief Financial Officer**

Govind M Joshi  
**Company Secretary**

**Annexure - 6 to Director's Report**
**Form No. MGT -9  
EXTRACT OF ANNUAL RETURN**

As on the financial year ended 31<sup>st</sup> March, 2019

[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of The Companies (Management and Administration) Rules, 2014]

| <b>I. REGISTRATION &amp; OTHER DETAILS:</b> |  |  |
|---|--|--|
| 1   | CIN  | L30009TZ1994PLC005568  |
| 2   | Registration Date  | 06th December, 1994  |
| 3   | Name of the Company  | CG-VAK SOFTWARE AND EXPORTS LIMITED  |
| 4   | Category/Sub-category of the Company                                       | Company Limited by Shares/Indian Non-Govt. Company   |
| 5   | Address of the Registered office & contact details                         | No. 171, Mettupalayam Road, Coimbatore - 641 043.<br>Ph: 0422-2434491/92/93 Fax: 0422-2440679.<br>Email: <a href="mailto:investorservices@cgvak.com">investorservices@cgvak.com</a> Website: <a href="http://www.cgvak.com">www.cgvak.com</a>  |
| 6   | Whether listed company   | Yes  |
| 7   | Name, Address & contact details of the Registrar & Transfer Agent, if any. | M/s. S.K.D.C. Consultants Limited,<br>Kanapathy Towers, 3rd Floor, 1391/A-1 Sathy Road,<br>Ganapathy, Coimbatore - 641006.<br>Email: <a href="mailto:info@skdc-consultants.com">info@skdc-consultants.com</a><br>Website: <a href="http://www.skdc-consultants.com">www.skdc-consultants.com</a> |

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:**

All the business activities contributing 10% or more of the total turnover of the Company

| S.No. | Name and Description of main products/services         | NIC Code of the product/service | % to total turnover of the Company |
|-------|--|---------------------------------|------------------------------------|
| 1.    | Computer Programming, Consultancy and Related Services | 62020                           | 100%                               |

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:**

| S.No. | Name & address of the Company | CIN / GLN       | % of Shares held | Applicable Section |
|-------|-------------------------------|-----------------|------------------|--------------------|
| 1.    | CG-VAK Software USA Inc       | Foreign Company | 100%             | 2(87)              |

#### IV SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

##### (i) Category-wise Shareholding :

| Category of Shareholders   | No. of Shares held at the beginning of the year |               |                |                   | No. of Shares held at the end of the year |               |                |                   | % change during the year |
|--|---|---------------|----------------|-------------------|---|---------------|----------------|-------------------|--------------------------|
|  | Demat   | Physical      | Total          | % of Total Shares | Demat                                     | Physical      | Total          | % of Total Shares |                          |
| <b>A. Promoters</b>  |   |               |                |                   |   |               |                |                   |                          |
| <b>(1) Indian</b>  |   |               |                |                   |   |               |                |                   |                          |
| a) Individual/ HUF   | 2439551   | -             | 2439551        | 48.31%            | 2524436                                   | -             | 2524436        | 49.99%            | 1.68%                    |
| b) Central Govt  | -   | -             | -              | 0.00%             | -   | -             | -              | 0.00%             | 0.00%                    |
| c) State Govt(s)   | -   | -             | -              | 0.00%             | -   | -             | -              | 0.00%             | 0.00%                    |
| d) Bodies Corp.  | -   | -             | -              | 0.00%             | -   | -             | -              | 0.00%             | 0.00%                    |
| e) Banks / FI  | -   | -             | -              | 0.00%             | -   | -             | -              | 0.00%             | 0.00%                    |
| f) Any other   | -   | -             | -              | 0.00%             | -   | -             | -              | 0.00%             | 0.00%                    |
| <b>Sub Total (A) (1)</b>   | <b>2439551</b>                                  | <b>-</b>      | <b>2439551</b> | <b>48.31%</b>     | <b>2524436</b>                            | <b>-</b>      | <b>2524436</b> | <b>49.99%</b>     | <b>1.68%</b>             |
| <b>(2) Foreign</b>   |   |               |                |                   |   |               |                |                   |                          |
| a) NRI Individuals   | -   | -             | -              | 0.00%             | -   | -             | -              | 0.00%             | 0.00%                    |
| b) Other Individuals   | -   | -             | -              | 0.00%             | -   | -             | -              | 0.00%             | 0.00%                    |
| c) Bodies Corp.  | -   | -             | -              | 0.00%             | -   | -             | -              | 0.00%             | 0.00%                    |
| d) Any other   | -   | -             | -              | 0.00%             | -   | -             | -              | 0.00%             | 0.00%                    |
| <b>Sub Total (A) (2)</b>   | <b>-</b>  | <b>-</b>      | <b>-</b>       | <b>0.00%</b>      | <b>-</b>                                  | <b>-</b>      | <b>-</b>       | <b>0.00%</b>      | <b>0.00%</b>             |
| <b>TOTAL (A)</b>   | <b>2439551</b>                                  | <b>-</b>      | <b>2439551</b> | <b>48.31%</b>     | <b>2524436</b>                            | <b>-</b>      | <b>2524436</b> | <b>49.99%</b>     | <b>1.68%</b>             |
| <b>B. Public Shareholding</b>  |   |               |                |                   |   |               |                |                   |                          |
| <b>1. Institutions</b>   |   |               |                |                   |   |               |                |                   |                          |
| a) Mutual Funds  | -   | -             | -              | 0.00%             | -   | -             | -              | 0.00%             | 0.00%                    |
| b) Banks / FI  | -   | -             | -              | 0.00%             | -   | -             | -              | 0.00%             | 0.00%                    |
| c) Central Govt  | -   | -             | -              | 0.00%             | -   | -             | -              | 0.00%             | 0.00%                    |
| d) State Govt(s)   | -   | -             | -              | 0.00%             | -   | -             | -              | 0.00%             | 0.00%                    |
| e) Venture Capital Funds   | -   | -             | -              | 0.00%             | -   | -             | -              | 0.00%             | 0.00%                    |
| f) Insurance Companies   | -   | -             | -              | 0.00%             | -   | -             | -              | 0.00%             | 0.00%                    |
| g) FIs   | -   | -             | -              | 0.00%             | -   | -             | -              | 0.00%             | 0.00%                    |
| h) Foreign Venture Capital Funds   | -   | -             | -              | 0.00%             | -   | -             | -              | 0.00%             | 0.00%                    |
| i) Others (specify)  | -   | -             | -              | 0.00%             | -   | -             | -              | 0.00%             | 0.00%                    |
| <b>Sub-total (B)(1):-</b>  | <b>-</b>  | <b>-</b>      | <b>-</b>       | <b>0.00%</b>      | <b>-</b>                                  | <b>-</b>      | <b>-</b>       | <b>0.00%</b>      | <b>0.00%</b>             |
| <b>2. Non-Institutions</b>   |   |               |                |                   |   |               |                |                   |                          |
| a) Bodies Corp.  |   |               |                |                   |   |               |                |                   |                          |
| i) Indian  | 48166   | 4400          | 52566          | 1.04%             | 45843                                     | 4400          | 50243          | 0.99%             | (0.05%)                  |
| ii) Overseas   | -   | -             | -              | 0.00%             | 0   | 0             | -              | 0.00%             | 0.00%                    |
| b) Individuals   |   |               |                |                   |   |               |                |                   |                          |
| i) Individual shareholders holding nominal share capital upto Rs. 1 lakh         | 884081  | 364870        | 1248951        | 24.73%            | 926373                                    | 325520        | 1251893        | 24.79%            | 0.06%                    |
| ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | 1143128   | 60900         | 1204028        | 23.84%            | 1028201                                   | 63400         | 1091601        | 21.62%            | (2.23%)                  |
| c) Others (specify)  |   |               |                |                   |   |               |                |                   |                          |
| Directors & Their Relatives  | -   | 13500         | 13500          | 0.27%             | -   | 13500         | 13500          | 0.27%             | 0.00%                    |
| Non Resident Indians   | 21332   | -             | 21,332         | 0.42%             | 22013                                     | -             | 22013          | 0.44%             | 0.01%                    |
| Clearing Members   | 27309   | -             | 27,309         | 0.54%             | 27924                                     | -             | 27,924         | 0.55%             | 0.01%                    |
| Hindu Undivided Families   | 42963   | -             | 42963          | 0.85%             | 68590                                     | -             | 68590          | 1.36%             | 0.51%                    |
| <b>Sub-total (B)(2):-</b>  | <b>2166979</b>                                  | <b>443670</b> | <b>2610649</b> | <b>51.69%</b>     | <b>2118944</b>                            | <b>406820</b> | <b>2525764</b> | <b>50.01%</b>     | <b>(1.68%)</b>           |
| <b>Total Public (B)</b>  | <b>2166979</b>                                  | <b>443670</b> | <b>2610649</b> | <b>51.69%</b>     | <b>2118944</b>                            | <b>406820</b> | <b>2525764</b> | <b>50.01%</b>     | <b>(1.68%)</b>           |
| <b>C. Shares held by Custodian for GDRs &amp; ADRs</b>                           |   |               | -              | 0.00%             |   |               |                | 0.00%             | 0.00%                    |
|  |   |               |                |                   |   |               |                |                   | 0.00%                    |
|  |   |               |                |                   |   |               |                |                   | 0.00%                    |
| <b>Grand Total (A+B+C)</b>   | <b>4606530</b>                                  | <b>443670</b> | <b>5050200</b> | <b>100.00%</b>    | <b>4643380</b>                            | <b>406820</b> | <b>5050200</b> | <b>100.00%</b>    | <b>0.00%</b>             |

**(ii) Shareholding of Promoters :**

| S.No. | Shareholders Name | No. of Shares held at the beginning of the year |                                  |  | No. of Shares held at the end of the year |                                  |  | % change during the year |
|-------|-------------------|---|----------------------------------|--|---|----------------------------------|--|--------------------------|
|       |                   | No. of shares                                   | % of total shares of the company | % of Shares pledged / encumbered to total shares | No. of shares                             | % of total shares of the company | % of Shares pledged / encumbered to total shares |                          |
| 1     | C.Ganapathy       | 406,350   | 8.05%                            | 0  | 406,350                                   | 8.05%                            | 0  | 0.00%                    |
| 2     | G.Suresh          | 952,060   | 18.85%                           | 0  | 952,060                                   | 18.85%                           | 0  | 0.00%                    |
| 3     | G.Saraswathy      | 193,110   | 3.82%                            | 0  | 193,110                                   | 3.82%                            | 0  | 0.00%                    |
| 4     | S.Latha           | 888,031   | 17.58%                           | 0  | 972,916                                   | 19.26%                           | 0  | 1.68%                    |

**(iii) Change in Promoters' Shareholding :**

| S.No. | Name         | Particulars  | Date                   | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|-------|--------------|--|------------------------|---|----------------------------------|---|----------------------------------|
|       |              |  |                        | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
| 1     | C.Ganapathy  | At the beginning of the year   | 1/4/2018               | 406350                                    | 8.05%                            | 406350                                  | 8.05%                            |
|       |              | Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase - Purchase | -                      | -   | 0.00%                            | -                                       | 0.00%                            |
|       |              | At the end of the year   | 31/3/2019              | 406350                                    | 8.05%                            | 406350                                  | 8.05%                            |
| 2     | G.Suresh     | At the beginning of the year   | 1/4/2018               | 952060                                    | 18.85%                           | 952060                                  | 18.85%                           |
|       |              | Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase - Purchase | -                      | -   | 0.00%                            | -                                       | 0.00%                            |
|       |              | At the end of the year   | 31/3/2019              | 952060                                    | 18.85%                           | 952060                                  | 18.85%                           |
| 3     | G.Saraswathy | At the beginning of the year   | 1/4/2018               | 193110                                    | 3.82%                            | 193110                                  | 3.82%                            |
|       |              | Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase - Purchase | -                      | -   | 0.00%                            | -                                       | 0.00%                            |
|       |              | At the end of the year   | 31/3/2019              | 193110                                    | 3.82%                            | 193110                                  | 3.82%                            |
| 4     | S.Latha      | At the beginning of the year   | 1/4/2018               | 888031                                    | 17.58%                           | 888031                                  | 17.58%                           |
|       |              | Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase - Purchase | 06/04/2018             | 21900                                     | 0.43%                            | 909931                                  | 18.02%                           |
|       |              |  | 27/04/2018             | 15000                                     | 0.30%                            | 924931                                  | 18.31%                           |
|       |              |  | 11/05/2018             | 600                                       | 0.01%                            | 925531                                  | 18.33%                           |
|       |              |  | 08/06/2018             | 525                                       | 0.01%                            | 926056                                  | 18.34%                           |
|       |              |  | 15/06/2018             | 22  | 0.00%                            | 926078                                  | 18.34%                           |
|       |              |  | 22/06/2018             | 1320                                      | 0.03%                            | 927398                                  | 18.36%                           |
|       |              |  | 30/06/2018             | 2000                                      | 0.04%                            | 929398                                  | 18.40%                           |
|       |              |  | 13/07/2018             | 4718                                      | 0.09%                            | 934116                                  | 18.50%                           |
|       |              |  | 20/07/2018             | 3557                                      | 0.07%                            | 937673                                  | 18.57%                           |
|       |              |  | 03/08/2018             | 776                                       | 0.02%                            | 938449                                  | 18.58%                           |
|       |              |  | 12/10/2018             | 20  | 0.00%                            | 938469                                  | 18.58%                           |
|       |              |  | 23/11/2018             | 9000                                      | 0.18%                            | 947469                                  | 18.76%                           |
|       |              |  | 07/12/2018             | 3500                                      | 0.07%                            | 950969                                  | 18.83%                           |
|       |              |  | 14/12/2018             | 2354                                      | 0.05%                            | 953323                                  | 18.88%                           |
|       |              |  | 21/12/2018             | 3596                                      | 0.07%                            | 956919                                  | 18.95%                           |
|       |              |  | 28/12/2018             | 1500                                      | 0.03%                            | 958419                                  | 18.98%                           |
|       |              |  | 31/12/2018             | 1038                                      | 0.02%                            | 959457                                  | 19.00%                           |
|       |              |  | 04/01/2019             | 43  | 0.00%                            | 959500                                  | 19.00%                           |
|       |              |  | 11/01/2019             | 1000                                      | 0.02%                            | 960500                                  | 19.02%                           |
|       |              |  | 15/02/2019             | 2500                                      | 0.05%                            | 963000                                  | 19.07%                           |
|       |              |  | 22/02/2019             | 2000                                      | 0.04%                            | 965000                                  | 19.11%                           |
|       |              |  | 01/03/2019             | 1207                                      | 0.02%                            | 966207                                  | 19.13%                           |
|       |              |  | 15/03/2019             | 1384                                      | 0.03%                            | 967591                                  | 19.16%                           |
|       |              |  | 22/03/2019             | 3325                                      | 0.07%                            | 970916                                  | 19.23%                           |
|       |              |  | 29/03/2019             | 2000                                      | 0.04%                            | 972916                                  | 19.26%                           |
|       |              |  | At the end of the year | 31/3/2019                                 | 972916                           | 19.26%                                  | 972916                           |

Note: The above information is provided based on the Beneficiary Position received from Depositories and Physical share register.

**(iv) Shareholding of top ten shareholders (other than Directors, Promoters and holders of GDRs and ADRs):**

| S.No.   | Name                           | Date   | Shareholding at the beginning of the year |   | Cumulative Shareholding during the year |                                  |        |       |
|---|--------------------------------|--|---|---|---|----------------------------------|--------|-------|
|   |                                |  | No. of shares                             | % of total shares of the company        | No. of shares                           | % of total shares of the company |        |       |
| 1   | K.V. KAMARAJ                   | At the Beginning of the year 01.04.2018  | 01/04/2018                                | 521674                                  | 10.33                                   | 521674                           | 10.33  |       |
|   |                                | Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase          |   |   |   |                                  |        |       |
|   |                                | At the end of the year   | 31/03/2019                                | 521674                                  | 10.33                                   | 521674                           | 10.33  |       |
| 2   | C LOGANATHAN                   | At the Beginning of the year 01.04.2018  | 01/04/2018                                | 131820                                  | 2.61                                    | 131820                           | 2.61   |       |
|   |                                | Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase/decrease | 01/06/2018                                | (110)                                   | (0.00)                                  | 131710                           | 2.60   |       |
|   |                                |  | 30/11/2018                                | (250)                                   | (0.00)                                  | 131460                           | 2.60   |       |
|   |                                |  | 18/01/2019                                | (1010)                                  | (0.02)                                  | 130450                           | 2.58   |       |
|   |                                | At the end of the year   | 31/03/2019                                | 130450                                  | 2.58                                    | 130450                           | 2.58   |       |
| 3   | K. JALAJADEVI .                | At the Beginning of the year 01.04.2018  | 01/04/2018                                | 102607                                  | 2.03                                    | 102607                           | 2.03   |       |
|   |                                | Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase          |   |   |   |                                  |        |       |
|   |                                | At the end of the year   | 31/03/2019                                | 102607                                  | 2.03                                    | 102607                           | 2.03   |       |
| 4   | NARAYANASAMY R                 | At the Beginning of the year 01.04.2018  | 01/04/2018                                | 52500                                   | 1.04                                    | 52500                            | 1.04   |       |
|   |                                | Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase          |   |   |   |                                  |        |       |
|   |                                | At the end of the year   | 31/03/2019                                | 52500                                   | 1.04                                    | 52500                            | 1.04   |       |
| 5   | NIRVI KETAN VAKHARIA           | At the Beginning of the year 01.04.2018  | 01/04/2018                                | 50426                                   | 1.00                                    | 50426                            | 1.00   |       |
|   |                                | Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase          | 06/04/2018                                | 648                                     | 0.01                                    | 51074                            | 1.01   |       |
|   |                                |  | 13/04/2018                                | 1000                                    | 0.02                                    | 52074                            | 1.03   |       |
|   |                                |  | 20/04/2018                                | 300                                     | 0.01                                    | 52374                            | 1.04   |       |
|   |                                |  | 01/06/2018                                | 50                                      | 0.00                                    | 52424                            | 1.04   |       |
|   |                                |  | 22/06/2018                                | 191                                     | 0.00                                    | 52615                            | 1.04   |       |
|   |                                |  | 27/07/2018                                | 150                                     | 0.00                                    | 52765                            | 1.04   |       |
|   |                                |  | 03/08/2018                                | 15                                      | 0.00                                    | 52780                            | 1.05   |       |
|   |                                |  | 10/08/2018                                | 166                                     | 0.00                                    | 52946                            | 1.05   |       |
|   |                                |  | 17/08/2018                                | 345                                     | 0.01                                    | 53291                            | 1.06   |       |
|   |                                |  | 28/12/2018                                | 1105                                    | 0.02                                    | 54396                            | 1.08   |       |
|   |                                |  | 22/02/2019                                | 1000                                    | 0.02                                    | 55396                            | 1.10   |       |
|   |                                |  | At the end of the year                    | 31/03/2019                              | 55396                                   | 1.10                             | 55396  | 1.10  |
|   |                                | 6  | SHYAM KISAN GOPAL LAKHANI                 | At the Beginning of the year 01.04.2018 | 01/04/2018                              | 28331                            | 0.56   | 28331 |
| Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase | 31/08/2018                     |  |   | (9331)                                  | (0.18)                                  | (9331)                           | (0.18) |       |
|   | 07/09/2018                     |  |   | (2000)                                  | (0.04)                                  | (2000)                           | (0.04) |       |
|   | 12/10/2018                     |  |   | (2000)                                  | (0.04)                                  | (2000)                           | (0.04) |       |
|   | 01/02/2019                     |  |   | (1000)                                  | (0.02)                                  | (1000)                           | (0.02) |       |
|   | 15/03/2019                     |  |   | 739                                     | 0.01                                    | 739                              | 0.01   |       |
|   | At the end of the year         | 31/03/2019   | 14739                                     | 0.29                                    | 14739                                   | 0.29                             |        |       |
| 7   | SHIVAM PORTFOLIO MNGT.(P) LTD. | At the Beginning of the year 01.04.2018  | 01/04/2018                                | 27671                                   | 0.55                                    | 27671                            | 0.55   |       |
|   |                                | Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase          |   |   |   |                                  |        |       |
|   |                                | At the end of the year   | 31/03/2019                                | 27671                                   | 0.55                                    | 27671                            | 0.55   |       |
| 8   | RITA JAIN                      | At the Beginning of the year 01.04.2018  | 01/04/2018                                | 25000                                   | 0.50                                    | 25000                            | 0.50   |       |
|   |                                | Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase          | 31/08/2018                                | (5000)                                  | (0.10)                                  | (5000)                           | (0.10) |       |
|   |                                |  | 21/09/2018                                | (20000)                                 | (0.40)                                  | (20000)                          | (0.40) |       |
|   |                                | At the end of the year   | 31/03/2019                                | 0                                       | 0.00                                    | 0                                | 0.00   |       |



| S.No. | Name  |   | Date       | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|-------|---|---|------------|---|----------------------------------|---|----------------------------------|
|       |   |   |            | No.of shares                              | % of total shares of the company | No.of shares                            | % of total shares of the company |
| 9     | <b>KETAKI<br/>PRIYADARSHAN<br/>SIRAS</b>    | At the Beginning of the year 01.04.2018   | 01/04/2018 | 24897                                     | 0.49                             | 24897                                   | 0.49                             |
|       |   | Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase |            |   |                                  |   |                                  |
|       |   | At the end of the year  | 31/03/2019 | 24897                                     | 0.49                             | 24897                                   | 0.49                             |
| 10    | <b>SAMPATHRAJ<br/>RAMESH CHAND<br/>JAIN</b> | At the Beginning of the year 01.04.2018   | 01/04/2018 | 22893                                     | 0.45                             | 22893                                   | 0.45                             |
|       |   | Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase | 31/08/2018 | (78)                                      | 0.00                             | 22815                                   | 0.45                             |
|       |   | At the end of the year  | 31/03/2019 | 22815                                     | 0.45                             | 22815                                   | 0.45                             |

**(v) Shareholding of Directors and Key Managerial Personnel:**

| S.No. | Name                   |  | Date       | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|-------|------------------------|--|------------|---|----------------------------------|---|----------------------------------|
|       |                        |  |            | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
| 1     | C.Ganapathy            | At the Beginning of the year 01.04.2018  | 01/04/2018 | 406350                                    | 8.03                             | 406350                                  | 8.03                             |
|       |                        | Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase            |            | -   | -                                | -                                       | -                                |
|       |                        | At the end of the year   | 31/03/2019 | 406350                                    | 8.03                             | 406350                                  | 8.03                             |
| 2     | G.Suresh               | At the Beginning of the year 01.04.2018  | 01/04/2018 | 952060                                    | 18.82                            | 952060                                  | 18.82                            |
|       |                        | Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase - Purchase |            | -   | -                                | -                                       | -                                |
|       |                        | At the end of the year   | 31/03/2019 | 952060                                    | 18.82                            | 952060                                  | 18.82                            |
| 3     | S.Latha                | At the Beginning of the year 01.04.2018  | 01/04/2018 | 888031                                    | 17.58                            | 888031                                  | 17.58                            |
|       |                        | Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase - Purchase |            | 21900                                     | 0.43                             | 909931                                  | 18.02                            |
|       |                        |  | 27/04/2018 | 15000                                     | 0.30                             | 924931                                  | 18.31                            |
|       |                        |  | 11/05/2018 | 600                                       | 0.01                             | 925531                                  | 18.33                            |
|       |                        |  | 08/06/2018 | 525                                       | 0.01                             | 926056                                  | 18.34                            |
|       |                        |  | 15/06/2018 | 22  | 0.00                             | 926078                                  | 18.34                            |
|       |                        |  | 22/06/2018 | 1320                                      | 0.03                             | 927398                                  | 18.36                            |
|       |                        |  | 30/06/2018 | 2000                                      | 0.04                             | 929398                                  | 18.40                            |
|       |                        |  | 13/07/2018 | 4718                                      | 0.09                             | 934116                                  | 18.50                            |
|       |                        |  | 20/07/2018 | 3557                                      | 0.07                             | 937673                                  | 18.57                            |
|       |                        |  | 03/08/2018 | 776                                       | 0.02                             | 938449                                  | 18.58                            |
|       |                        |  | 12/10/2018 | 20  | 0.00                             | 938469                                  | 18.58                            |
|       |                        |  | 23/11/2018 | 9000                                      | 0.18                             | 947469                                  | 18.76                            |
|       |                        |  | 07/12/2018 | 3500                                      | 0.07                             | 950969                                  | 18.83                            |
|       |                        |  | 14/12/2018 | 2354                                      | 0.05                             | 953323                                  | 18.88                            |
|       |                        |  | 21/12/2018 | 3596                                      | 0.07                             | 956919                                  | 18.95                            |
|       |                        |  | 28/12/2018 | 1500                                      | 0.03                             | 958419                                  | 18.98                            |
|       |                        |  | 31/12/2018 | 1038                                      | 0.02                             | 959457                                  | 19.00                            |
|       |                        |  | 04/01/2019 | 43  | 0.00                             | 959500                                  | 19.00                            |
|       |                        |  | 11/01/2019 | 1000                                      | 0.02                             | 960500                                  | 19.02                            |
|       |                        |  | 15/02/2019 | 2500                                      | 0.05                             | 963000                                  | 19.07                            |
|       |                        |  | 22/02/2019 | 2000                                      | 0.04                             | 965000                                  | 19.11                            |
|       |                        |  | 01/03/2019 | 1207                                      | 0.02                             | 966207                                  | 19.13                            |
|       | 15/03/2019             | 1384   | 0.03       | 967591                                    | 19.16                            |   |                                  |
|       | 22/03/2019             | 3325   | 0.07       | 970916                                    | 19.23                            |   |                                  |
|       | 29/03/2019             | 2000   | 0.04       | 972916                                    | 19.26                            |   |                                  |
|       | At the end of the year | 31/03/2019   | 972916     | 19.26                                     | 972916                           | 19.26                                   |                                  |
| 4     | M.Durairaj             | At the Beginning of the year 01.04.2018  | 01/04/2018 | 10000                                     | 0.20                             | 10000                                   | 0.20                             |
|       |                        | Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase            |            | -   | -                                | -                                       | -                                |
|       |                        | At the end of the year   | 31/03/2019 | 10000                                     | 0.20                             | 10000                                   | 0.20                             |
| 5     | S.Muthukumar           | At the Beginning of the year 01.04.2018  | 01/04/2018 | 2500                                      | 0.05                             | 2500                                    | 0.05                             |
|       |                        | Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase            |            | -   | -                                | -                                       | -                                |
|       |                        | At the end of the year   | 31/03/2019 | 2500                                      | 0.05                             | 2500                                    | 0.05                             |
| 6     | S.Mohan                | At the Beginning of the year 01.04.2018  | 01/04/2018 | 1000                                      | 0.02                             | 1000                                    | 0.02                             |
|       |                        | Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase            |            | -   | -                                | -                                       | -                                |
|       |                        | At the end of the year   | 31/03/2019 | 1000                                      | 0.02                             | 1000                                    | 0.02                             |
| 7     | A.Sankar               | At the Beginning of the year 01.04.2018  | 01/04/2018 | NIL                                       | NIL                              | NIL                                     | NIL                              |
|       |                        | Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase            |            | -   | -                                | -                                       | -                                |
|       |                        | At the end of the year   | 31/03/2019 | NIL                                       | NIL                              | NIL                                     | NIL                              |
| 8     | PS Subramanian         | At the Beginning of the year 01.04.2018  | 01/04/2018 | 2000                                      | 0.04                             | 2000                                    | 0.04                             |
|       |                        | Date wise increase/decrease in the Shareholding during the year specifying the reasons for the increase            |            | -   | -                                | -                                       | -                                |
|       |                        | At the end of the year   | 31/03/2019 | 2000                                      | 0.04                             | 2000                                    | 0.04                             |

**V. INDEBTEDNESS**

Indebtedness of the company including interest outstanding/accrued but not due for payment (Rs in Lakhs)

| Particulars   | Secured Loans excluding deposits | Unsecured Loans | Deposit | Total Indebtedness |
|---|----------------------------------|-----------------|---------|--------------------|
| Indebtedness at the beginning of the financial year     | 0                                | 0               | 0       | 0                  |
| i) Principal Amount                                     | 0                                | 0               | 0       | 0                  |
| ii) Interest due but not paid                           | 0                                | 0               | 0       | 0                  |
| iii) Interest accrued but not due                       | 0                                | 0               | 0       | 0                  |
| <b>Total (i+ii+iii)</b>                                 | 0                                | 0               | 0       | 0                  |
| <b>Change in Indebtedness during the financial year</b> |                                  |                 |         |                    |
| Addition  | 99.76                            | 0               | 0       | 99.76              |
| Reduction   | 0                                | 0               | 0       | 0                  |
| <b>Net Change</b>                                       | 99.76                            | 0               | 0       | 99.76              |
| <b>Indebtedness at the end of the financial year</b>    |                                  |                 |         |                    |
| i) Principal Amount                                     | 99.76                            | 0               | 0       | 99.76              |
| ii) Interest due but not paid                           | 0                                | 0               | 0       | 0                  |
| iii) Interest accrued but not due                       | 0                                | 0               | 0       | 0                  |
| <b>Total (i+ii+iii)</b>                                 | 99.76                            | 0               | 0       | <b>99.76</b>       |

**VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

(Rs in Lakhs)

| Sl.No. | Particulars of Remuneration   | Name of MD/WTD/Manager                       |                                      | Total Amount |
|--------|---|--|--------------------------------------|--------------|
|        |   | C.Ganapathy (Executive Chairman)             | G.Suresh (Managing Director and CEO) |              |
| 1.     | Gross Salary  |  |                                      |              |
| (a)    | Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961 | 12.00  | 83.00                                | 95.00        |
| (b)    | Value of perquisite u/s 17(2) of the Income Tax Act, 1961                       | 1.09   | 0.67                                 | 1.76         |
| (c)    | Profits in lieu of salary u/s 17(3) of Income Tax Act, 1961                     | -  | -                                    | -            |
| 2.     | Stock Option  | -  | -                                    | -            |
| 3.     | Sweat Equity  | -  | -                                    | -            |
| 4.     | Commission as percentage of profit  | -  | -                                    | -            |
|        | Others, specify   | 0.22   | 0.22                                 | 0.44         |
| 5.     | Others (Retiral Benefits)   | 13.31  | 83.89                                | 97.20        |
|        | <b>TOTAL (A)</b>  |  |                                      |              |
|        | Ceiling as per the Act  | As per Schedule V of the Companies Act, 2013 |                                      |              |

**B. Remuneration to other directors**

(Rs in Lakhs)

| Sl.No. | Particulars of Remuneration                  | Name of Directors  |               |          |           | Total Amount |
|--------|--|--|---------------|----------|-----------|--------------|
|        |  | M. Durairaj  | S. Muthukumar | S. Mohan | A. Sankar |              |
| 1      | <b>Independent Directors</b>                 |  |               |          |           |              |
| (a)    | Fee for attending Board / Committee meetings | 0.10   | 0.49          | 0.38     | 0.49      |              |
| (b)    | Commission                                   | -  | -             | -        | -         | -            |
| (c)    | others-( specify)                            | -  | -             | -        | -         | -            |
|        | <b>Total (1)</b>                             | 0.10   | 0.49          | 0.38     | 0.49      |              |
| 2      | <b>Other Non-Executive Directors</b>         | S. Latha   |               |          |           |              |
| (a)    | Fee for attending Board / Committee meetings | 0.25   |               |          |           |              |
| (b)    | Commission                                   | -  |               |          |           | -            |
| (c)    | others-( specify)                            | -  |               |          |           | -            |
|        | <b>Total (2)</b>                             | 0.25   |               |          |           | 0.20         |
|        | Total (B)=(1+2)                              | 0.35   | 0.49          | 0.38     | 0         | 1.66         |
|        | Total Managerial Remuneration(A+B)           | Rs   | Lakhs         |          |           |              |
|        | Over all Ceiling as per the Act              | As per Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. |               |          |           |              |

**C. Remuneration to KMP other than MD, WTD/Manager**

(Rs in Lakhs)

| Sl.No. | Particulars of Remuneration   | Name of the Key Managerial Personnel         |                     | Total Amount |
|--------|---|--|---------------------|--------------|
|        |   | P.S.Subramanian<br>(Chief Financial Officer) | (Company Secretary) |              |
| 1.     | Gross Salary  |  |                     |              |
| (a)    | Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961 | 9.10   | 7.47                | 16.57        |
| (b)    | Value of perquisite u/s 17(2) of the Income Tax Act, 1961                       | 0.19   | 0.01                | 0.20         |
| (c)    | Profits in lieu of salary u/s 17(3) of Income Tax Act, 1961                     | -  | -                   | -            |
| 2.     | Stock Option  | -  | -                   | -            |
| 3.     | Sweat Equity  | -  | -                   | -            |
| 4.     | Commission as percentage of profit  | -  | -                   | -            |
|        | Others, specify   | -  | -                   | -            |
| 5.     | Others (Retiral Benefits)   | 0.21   | 0.26                | 0.47         |
|        | <b>TOTAL</b>  | <b>9.50</b>                                  | <b>7.74</b>         | <b>17.24</b> |

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES**

There are no penalties/punishment/compounding of offences against CG-VAK Software and Exports Limited, and its Directors and Officers under Companies Act, 2013 for the year ended 31st March, 2019.

(By Order of the Board)

**For CG-VAK SOFTWARE AND EXPORTS LIMITED**

Place: Coimbatore  
Date : 09<sup>th</sup> August 2019

C.Ganapathy  
**Chairman**  
DIN 00735840

**Annexure - 7 to Director's Report**

**Form No. MR-3  
SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31st MARCH 2019  
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

To,  
The Members,  
CG-Vak Software and Exports Limited,  
(CIN L30009TZ1994PLC005568)  
171 Mettupalayam Road,  
Coimbatore - 641043

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **CG-VAK Software and Exports Limited** (hereinafter called the "Company"). The Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts /statutory compliances and expressing my opinion thereon.

Based on my verification and as per the documents, information and explanation provided to me by the Company and on the basis of verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the company has, during the audit period covering the Financial Year ended on 31<sup>st</sup> March 2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on 31<sup>st</sup> March 2019 according to the provisions of:

- (i) The Companies Act, 2013 ("the Act") and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares And Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
  - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.
- (vi) Other laws applicable specifically to the company:
  - (a) Information Technology Act 2000 and the Rules made thereunder;
  - (b) Software Technology Parks of India Rules and Regulations.

I have also examined the applicable provisions of the following:

- (a) Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India.
- (b) Compliance with the applicable Regulations of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I report that, during the period under review the Company has complied with the provisions of the Act, Rules, Regulations and Guidelines mentioned above subject to the following observations :

- (a) With regard to the following submissions made by the Company to the BSE Ltd under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:
- (i) On 29<sup>th</sup> May 2017, in respect of the Audited Financial results for the financial year ended 31<sup>st</sup> March 2017, the Company had filed Form A for Audit Report with unmodified opinion duly signed by its CEO, CFO, Chairman of the Audit Committee and the Auditors whereas, Form A had been rescinded by SEBI vide its circular dated 27<sup>th</sup> May 2016.  
In response to a mail received by the Company on 28<sup>th</sup> July 2017 from BSE calling for correction in the format of unmodified opinion on the Audit Report on the standalone and consolidated financial results the same was corrected and submitted to the BSE on 05<sup>th</sup> August 2017.
- (ii) On 14<sup>th</sup> February 2018, in respect of the quarterly financial results for the quarter ended 31<sup>st</sup> December 2017, the Company and the Auditors had erroneously stated that they have not reviewed the financial results for the quarter ended 31<sup>st</sup> December 2017 (instead of 31<sup>st</sup> December 2016) as per Ind -AS.  
In response to a mail received by the Company on 12<sup>th</sup> March 2018 from BSE calling for correction in the dates the same was corrected and submitted to the BSE on 22<sup>nd</sup> March 2018.  
On 13<sup>th</sup> July 2018 SEBI issued a caution letter advising the Company and its Auditors to exercise caution to avoid errors in critical documents and advised the Company to disseminate its caution letter to BSE and place it before the next Board Meeting. Accordingly, the Company disseminated SEBI's caution letter to BSE on 23<sup>rd</sup> July 2018 and placed the same before the Board of Directors at their meeting held on 13<sup>th</sup> August 2018.
- (b) The Ministry of Corporate Affairs had conducted an inspection on the Company u/s 209A of the Companies Act 1956 in Financial Year 2012-13 pursuant to which The Registrar of Companies, Coimbatore, issued Show Cause Notices dated 23<sup>rd</sup> November 2018 to the Company for procedural non compliances under the Companies Act, 1956. The Registrar of Companies has filed complaints against the Company before the 1<sup>st</sup> Additional Sessions Judge, Coimbatore and summons have been served on the Company and officers in default. The suit has been contested by the Company and is pending before the 1<sup>st</sup> Additional Sessions Judge Coimbatore.
- (c) Mr. K. Manickam, a former Promoter, Managing Director and a shareholder of the Company who holds 1294 equity shares had filed a suit O.S 1251/2018 against the Company on 14<sup>th</sup> September 2018 in the Court of the V Additional District Munsiff of Coimbatore praying to declare illegal the resolutions Nos. 3 & 4 set out in the Notice convening the 23<sup>rd</sup> Annual General Meeting and for seeking injunction to restrain the Company from passing the resolutions. The IA was dismissed by the Court in favour of the Company vide order dated 24<sup>th</sup> September 2018. The suit is still pending before the V Additional District Munsiff of Coimbatore.
- (d) Mr. K. Manickam, a former Promoter, Managing Director and a shareholder of the Company who holds 1294 equity shares had filed a suit O.S 686/2017 against the Company on 18<sup>th</sup> April 2017 in the Court of the I Additional District Munsiff of Coimbatore seeking not to enforce the resolutions passed at the 21<sup>st</sup> Annual General Meeting held on 30<sup>th</sup> September 2016. The suit is still pending before the I Additional District Munsiff of Coimbatore.
- (e) Mr. K. Manickam, a former Promoter, Managing Director and a shareholder of the Company who holds 1294 equity shares had filed a suit O.S 1396/2016 against the Company on 17<sup>th</sup> September 2016 in the Court of the I Additional District Munsiff of Coimbatore seeking injunction to not convene the 21<sup>st</sup> Annual General meeting which was scheduled to be held on 30<sup>th</sup> September 2016. The IA was dismissed by the Court in favour of the Company vide order dated 30<sup>th</sup> September 2016 and the Annual General Meeting was held on 30<sup>th</sup> September 2016. The suit is still pending before the I Additional District Munsiff of Coimbatore.
- (f) Mr. K. Manickam, a former Promoter, Managing Director and a shareholder of the Company who holds 1294 equity shares had filed a petition before II Additional Subordinate Judge of Coimbatore vide O.S. No, 397 of 2016 against the Company, seeking injunction for restraining the Company and the Managing Director from alienating or encumbering the properties mentioned in the suit. The case is still pending before the Court.
- (g) During the Financial Year 2015-16, the Company had paid Rs.2,88,461/- along with interest at 10% amounting to Rs. 2,91,229/- to Mr. K. Manickam, former Promoter, Managing Director of Company as Gratuity as per order of the Joint Commissioner of Labour Coimbatore vide his order dated 24<sup>th</sup> July 2015; The Company had filed a writ petition before the High Court challenging the above said order.
- (h) A Gratuity claim of Rs. 8,82,000/- by a former Director has been disputed by the company and the case is pending before the Assistant Commissioner of Labour, Coimbatore.
- (i) A Gratuity claim of Rs. 7,05,000/- by a former employee has been disputed by the company and the case is pending before the Assistant Commissioner of Labour Coimbatore.
- (j) An appeal regarding a claim by Mr. K. Manickam, former Promoter, Managing Director and his family members for nonpayment of Fixed Deposit amounting to Rs. 10,55,691/- is pending before the High Court of Madras.
- (j) The Regional Provident Fund Commissioner, Coimbatore had passed an order on 29<sup>th</sup> November 2016 directing the Company to enroll home based workers and trainees in Employee Provident Fund Organisation. The Company had preferred an appeal against the orders of the Regional Provident Fund Commissioner before the Employees Provident Fund Appellate Tribunal Bengaluru, and has obtained a stay against the orders passed by the Regional Provident Fund Commissioner, Coimbatore on 20<sup>th</sup> December 2016.

I, further report that there were no actions/ events in pursuance of:

- (a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (b) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and
- (e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

requiring compliance thereof by the Company during the financial year.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Woman Director and Independent Directors. There was no change in the composition of the Board of Directors during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings and Committee meetings. Agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Letters from two shareholders (a former Director holding 500 equity shares and a former employee holding 100 equity shares) were received by the Independent Directors drawing their attention to the various issues mentioned in their letters was discussed by the Independent Directors at their meetings and was referred by them to the Board of Directors.

As per the minutes of the Board Meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the Company has not taken any action or had any specific event having a major bearing on the affairs of the Company in pursuance of the above referred Laws, Rules, Regulations and Guidelines.

Annexure-A

To The Members,

CG-Vak Software & Exports Limited,

(CIN L30009TZ1994PLC005568)

171 Mettupalayam Road,

Coimbatore - 641043.

My report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on a test basis to ensure that correct facts are reflected in the secretarial records. I believe that the processes and practices I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**Manimekala V Raj**  
Practising Company Secretary

Place : Coimbatore  
Date : 09<sup>th</sup> August 2019

FCS No: 5163  
C.P. No: 3789

**REPORT ON CORPORATE GOVERNANCE**

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

*Pursuant to Regulation 15 (2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the compliance with corporate governance provisions are not mandatory for our Company (CG-VAK Software and Exports Limited), since the Company's paid up capital is not exceeding Rs.10 crores and Net worth is not exceeding Rs.25 crores as on 31<sup>st</sup> March, 2018. However our Company has complied with the same voluntarily.*

**I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

CG-VAK has a strong legacy of fair, transparent and ethical governance practices. The Company's philosophy on Corporate Governance is founded on the fundamental's ideologies viz, Trust, Value, Passion for clients and Exactness.

The Company believes in ensuring Corporate fairness, transparency, professionalism, accountability and propriety in total functioning of the Company, which are pre-requisites for attending sustainable growth in this competitive Corporate World obeying the law, both in letter and spirit, is the foundation in which the Company's ethical standards are built. The Company could consistently endeavor to improve on these aspects.

| Sl No. | Name of Director                       | Category of Directorship                  | No. of Board Meetings attended (From 01.04.2018 to 31.03.2019) | Attendance at Last AGM | No. of other Directorships held in Public Companies* | No. of Membership (M)/ Chairmanship (C) in other Board |
|--------|--|---|--|------------------------|--|--|
|        |  |   |  |                        | As on 31.03.2019                                     |  |
| 1.     | Mr.C.Ganapathy<br>Executive Chairman   | Promoter,<br>Executive Director           | 5  | No                     | Nil  | Nil  |
| 2.     | Mr.G.Suresh<br>Managing Director & CEO | Promoter,<br>Executive Director           | 5  | Yes                    | Nil  | Nil  |
| 3.     | Mr.M.Durairaj                          | Independent,<br>Non-Executive Director    | 2  | Yes                    | Nil  | Nil  |
| 4.     | Mr.S.Muthukumar                        | Independent,<br>Non-Executive Director    | 5  | Yes                    | Nil  | Nil  |
| 5.     | Mr.S.Mohan                             | Independent,<br>Non-Executive Director    | 4  | Yes                    | Nil  | Nil  |
| 6.     | Mr.A.Sankar                            | Independent,<br>Non-Executive Director    | 5  | Yes                    | Nil  | Nil  |
| 7.     | Mrs.S.Latha                            | Promoter,<br>Non-Executive Women Director | 5  | Yes                    | Nil  | Nil  |

Five Board Meetings were held during the financial year 2018 - 2019. The dates of the Board Meetings were held are 28.05.2018, 13.08.2018, 14.11.2018, 18.12.2018 and 31.01.2019.

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

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

Details of Equity Shares of the Company held by Non-Executive Directors as on 31<sup>st</sup> March, 2019:

| Sl.No | Name            | No. of Equity Shares |
|-------|-----------------|----------------------|
| 1.    | Mr.S.Muthukumar | 2,500                |
| 2.    | Mr. S.Mohan     | 1,000                |
| 3.    | Mr.M.Durairaj   | 10,000               |
| 4.    | Mr.A.Sankar     | Nil                  |
| 5.    | Mrs.S.Latha     | 9,72,916             |



### III Audit Committee

The primary objective of this committee is to monitor and provide effective supervision of the financial control and reporting process. The terms of reference of the Audit Committee are in tandem with those laid down by Stock Exchange regulations and the provisions of the Companies Act, 2013.

During the Financial Year 2018-2019, four committee meetings were held on 28.05.2018, 13.08.2018, 14.11.2018 and 31.01.2019. The Members of the Committee are well versed in financial matters, accounts, company law and general business practices.

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

| Sl.No | Name of the Director      | No. of Meetings Held | No. of Meetings Attended |
|-------|---------------------------|----------------------|--------------------------|
| 1.    | Mr.S.Muthukumar, Chairman | 4                    | 4                        |
| 2.    | Mr.S.Mohan, Member        | 4                    | 3                        |
| 3.    | Mr.A.Sankar, Member       | 4                    | 4                        |

### IV NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee was constituted in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations 2015. The Nomination and Remuneration Committee will consider and review from time to time, the remuneration payable to all Directors, Key Managerial Personnel, and Senior Management Personnel of the Company.

The Nomination and Remuneration Committee consists of Three Independent Directors. During the Financial Year 2018-2019, the Committee Met on 18.12.2018. The Composition and attendance of the members of the Committee are as under:

| Sl.No | Name of the Director      | No. of Meetings Held | No. of Meetings Attended |
|-------|---------------------------|----------------------|--------------------------|
| 1.    | Mr.S.Muthukumar, Chairman | 1                    | 1                        |
| 2.    | Mr.S.Mohan, Member        | 1                    | 1                        |
| 3.    | Mr.A.Sankar, Member       | 1                    | 1                        |

### V REMUNERATION TO DIRECTORS

#### Remuneration of Executive Directors

The remuneration of the Managing Director and Executive Director is recommended by the Remuneration Committee based on criteria such as industry benchmarks, the Company's performance vis-à-vis the industry, responsibilities shouldered, performance/track record, macroeconomic review on remuneration packages of heads of other organizations and is decided by committee members.

The Company pays remuneration by way of salary, perquisites and allowances (fixed component), incentive remuneration and/or commission (variable components) to its Managing Director and Executive Director. The remuneration package of whole time Directors has been calculated in accordance with the requirements of the Companies Act, 2013.

#### Remuneration of Non-Executive Directors

The Non-Executive Directors do not receive any remuneration from the Company, apart from the sitting fees. No significant material transactions have been made with the Non-Executive Directors vis-à-vis the Company.

The components of the total remuneration vary for different grades of employees and are governed by industry patterns, qualifications and experience of the employee, responsibilities handled by him, his individual performances, etc. The annual variable pay of senior managers is linked to the Company's performance in general and their individual performance for the relevant year is measured against specific major performance areas which are closely aligned to the Company's objectives.

Remuneration of employees largely consists of basic remuneration, perquisites, allowances and performance incentives.

**Details of the remuneration paid to the Directors during the year ended 31<sup>st</sup> March 2019.**
**1. Executive Directors**
**(Rs in Lakhs)**

| Sl. No | Name & Position                      | Salary & Perquisites | Commission | Total Remuneration |
|--------|--------------------------------------|----------------------|------------|--------------------|
| 1.     | Mr.G.Suresh, Managing Director & CEO | 83.89                | NIL        | 83.89              |
| 2.     | Mr.C.Ganapathy, Executive Chairman   | 13.31                | NIL        | 13.31              |

Executive Directors have waived the Commission eligible to them. Hence no commission was paid to the Executive Directors for the year ended 31<sup>st</sup> March, 2019.

**2. Non-Executive Directors**

| Sl.No | Name & Position                           | Sitting Fees (Rs.) |
|-------|---|--------------------|
| 1.    | Mr.S.Muthukumar, Independent Director     | 49,000             |
| 2.    | Mr. S.Mohan, Independent Director         | 38,000             |
| 3.    | Mr.M.Durairaj, Independent Director       | 10,000             |
| 4.    | Mr.A.Sankar, Independent Director         | 49,000             |
| 5.    | Mrs.S.Latha, Non-Executive Women Director | 25,000             |

**VI STAKEHOLDER'S GRIEVANCE COMMITTEE**

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

During the financial year 2018-2019, 4 complaints were received from shareholders/authorities to the Company. All of them were replied/resolved to their satisfaction. There are no pending complaints to be resolved at the end of the year.

The Committee met four times during the year on 28.05.2018, 13.08.2018, 14.11.2018 and 31.01.2019. The Composition and attendance details of the Stakeholders' Grievance Committee are as under:

| Sl.No | Name of the Director      | No. of Meetings Held | No. of Meetings Attended |
|-------|---------------------------|----------------------|--------------------------|
| 1.    | Mr.S.Muthukumar, Chairman | 4                    | 4                        |
| 2.    | Mr.C.Ganapathy, Member    | 4                    | 4                        |
| 3.    | Mr.S.Mohan, Member        | 4                    | 3                        |
| 4.    | Mr.A.Sankar, Member       | 4                    | 4                        |

Mr. Govind M Joshi, the Company Secretary is the Compliance Officer of the Company. The Company has exclusively designated the following e-mail id for Investor Relations: [investorservices@cgvak.com](mailto:investorservices@cgvak.com).

**Meeting of Independent Directors**

A separate meeting of Independent Directors was held on 13.08.2018 and 07.03.2019. All Independent Directors were present on 13.08.2018, all Independent Directors except Mr. Durairaj were present during the Meetings held on 07.03.2019.

**VII ANNUAL GENERAL MEETINGS:**

| Year | Type | Location   | Date       | Time     | Special Resolutions passed by the Shareholders   |
|------|------|--|------------|----------|--|
| 2016 | AGM  | Ardra Hall, Kaanchan, 9, North Huzur Road, Coimbatore -641 018 | 30.09.2016 | 4.30 P.M | 1. Re-appointment of Mr. C. Ganapathy, Chairman for a period of 3 years w.e.f 01.07.2016, 2. Re-appointment of Mr. G. Suresh, Managing Director & CEO for a period of 3 years w.e.f 01.09.2016, and 3. Re-appointment of Mr. A. Sankar, Independent Director for a period of 5 years w.e.f 26.09.2016. |
| 2017 | AGM  | Ardra Hall, Kaanchan, 9, North Huzur Road, Coimbatore -641 018 | 25.09.2017 | 3.00 P.M | None   |
| 2018 | AGM  | Ardra Hall, Kaanchan, 9, North Huzur Road, Coimbatore -641 018 | 24.09.2018 | 3.00 P.M | None   |

**Postal Ballot**

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

**VIII MEANS OF COMMUNICATIONS**

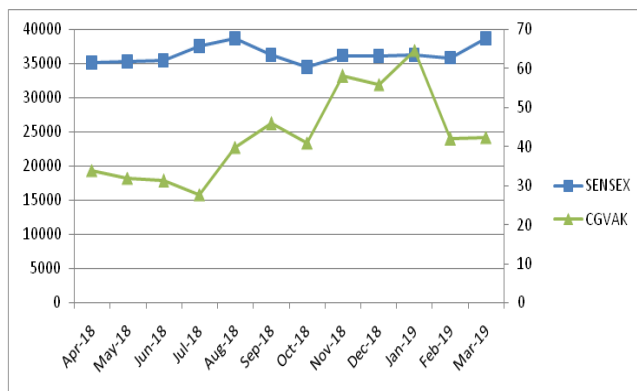
- (a) Quarterly Financial Results are published in the pro-forma prescribed by Stock Exchanges in English Newspaper "Trinity Mirror" and Tamil Newspaper "Makkal Kural". As the Company publishes the audited results within the stipulated period of 60 days from the date of the close of financial year as required by SEBI (LODR) Regulations with the Stock Exchanges, the unaudited results for the last quarter of the financial year are not published. The results are also displayed on the Company's website at [www.cgvak.com](http://www.cgvak.com).
- (b) The Company is filling/submitting its Shareholding Pattern, Financial Results and Report on Corporate Governance on quarterly basis to the Stock Exchanges.

**IX GENERAL INFORMATION FOR SHAREHOLDERS**

|    |   |   |
|----|---|---|
| 1. | AGM – Date , Time & Venue   | 23 <sup>rd</sup> September, 2019<br>3.00 PM<br>Ardra Hall, Kaanchan,<br>9, North Huzur Road,<br>Coimbatore -641 018   |
| 2. | <b>Financial Calendar for the year 2019-2020</b><br>Results for Quarter Ending 30 <sup>th</sup> June,2019<br>Results for Quarter Ending 30 <sup>th</sup> September,2019<br>Results for Quarter Ending 31 <sup>st</sup> December,2019<br>Results for Quarter Ending 31 <sup>st</sup> March, 2020 | <b>Will be published on or before:</b><br>14 <sup>th</sup> August, 2019<br>14 <sup>th</sup> November, 2019<br>14 <sup>th</sup> February, 2020<br>30 <sup>th</sup> May, 2020 |
| 3. | Date of Book Closure  | Tuesday, the 17 <sup>th</sup> September, 2019 to Monday, the 23 <sup>rd</sup> September, 2019 (both days inclusive)   |
| 4. | Dividend payment due date   | Dividend, if declared at the AGM, will be paid on or before 22 <sup>nd</sup> October, 2019.   |
| 5. | Listing on Stock Exchange   | THE BSE LIMITED,<br>P.J.Towers, Dalal Street,<br>Mumbai – 400 001.  |
| 6. | Type of Security  | Equity  |
| 7. | Stock Code<br>ISIN  | 531489<br>INE084D01010  |

**8. Market Price Data**
**Monthly Share Price for the year 2018-2019**

| Month  | High  | Low   | Close |
|--------|-------|-------|-------|
| Apr-18 | 34.15 | 22.10 | 34.00 |
| May-18 | 35.70 | 26.70 | 32.00 |
| Jun-18 | 34.45 | 27.05 | 31.20 |
| Jul-18 | 32.70 | 27.00 | 27.75 |
| Aug-18 | 41.50 | 23.85 | 39.90 |
| Sep-18 | 50.50 | 41.05 | 46.00 |
| Oct-18 | 45.10 | 37.15 | 41.05 |
| Nov-18 | 60.45 | 39.10 | 58.10 |
| Dec-18 | 61.00 | 45.55 | 55.95 |
| Jan-19 | 78.65 | 52.25 | 64.75 |
| Feb-19 | 61.55 | 40.00 | 42.00 |
| Mar-19 | 51.10 | 39.95 | 42.40 |

**9. Movement of Share Price – BSE SENSEX during 2018 – 2019**

**10. Registrar and Share Transfer Agents**

S.K.D.C. Consultants Ltd.,  
 Kanapathy Towers,  
 3<sup>rd</sup> Floor 1391/A-1 Sathy Road,  
 Ganapathy  
 Coimbatore 641 006.  
 Ph: 0422-4958995  
 Email id: [info@skdc-consultants.com](mailto:info@skdc-consultants.com)

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

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

**11. Share Transfer System**

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

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

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

- Pursuant to Regulation 40(9) of the listing regulations, on half-yearly basis, for due compliance of share transfer formalities by the company through RTA.
- Pursuant of SEBI (Depositories and Participants) Regulations, 1996, on quarterly basis, to reconcile the total admitted capital with National Securities Depository Limited (NDSL) and Central Depository Services (India) Limited (CDSL) with the total issued/Paid-up capital of the company.

**12. Distribution of Shareholding as on 31<sup>st</sup> March, 2019**

| Category           | No. of Share Holders | %             | Amount(₹)          | %             |
|--------------------|----------------------|---------------|--------------------|---------------|
| Upto - 5,000       | 2,569                | 83.07         | 43,75,270          | 8.67          |
| 5,001 -- 10,000    | 255                  | 8.24          | 21,50,950          | 4.26          |
| 10,001 -- 20,000   | 117                  | 3.78          | 18,14,150          | 3.59          |
| 20,001 -- 30,000   | 56                   | 1.81          | 14,19,660          | 2.81          |
| 30,001 -- 40,000   | 22                   | 0.71          | 7,73,320           | 1.53          |
| 40,001 -- 50,000   | 19                   | 0.61          | 8,55,540           | 1.69          |
| 50,001 -- 1,00,000 | 29                   | 0.94          | 21,25,120          | 4.21          |
| 1,00,001 AND ABOVE | 26                   | 0.84          | 3,69,87,990        | 73.24         |
| <b>TOTAL</b>       | <b>3,093</b>         | <b>100.00</b> | <b>5,05,02,000</b> | <b>100.00</b> |

**Shareholding Pattern as on 31<sup>st</sup> March 2019**

| Category                    | No. of Shares    | Percentage of Shareholding |
|-----------------------------|------------------|----------------------------|
| Promoter and Promoter Group | 25,24,436        | 49.99                      |
| Domestic Bodies Corporate   | 50,243           | 0.99                       |
| Non Resident Indians        | 22,013           | 0.44                       |
| Indian Public and Others    | 24,53,508        | 48.58                      |
| <b>Total</b>                | <b>50,50,200</b> | <b>100.00</b>              |

- 13. Shares dematerialised as on 31.03.2019** : **91.945%**
- Shares Dematerialised with : **National Securities Depository Limited,**  
Trade World, 4th Floor, Kamala Mills Compound,  
Senapati Bapat Marg, Lower Parel, Mumbai – 400 013.
- : **Central Depository Services (India) Limited,**  
25th Floor, Marathon Futurex, NM Joshi Marg,  
Lower Parel, Mumbai – 400 013.
- Dematerialisation of shares : Commenced with effect from March 2001.

**14. Outstanding GDRs/ADRs/Warrants or any Convertible Instruments**

There are no outstanding GDRs/ADRs/Warrants or any convertible instruments as at end of 31<sup>st</sup> March, 2019.

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

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

**16. Plant Location :**

(The Company does not have Plants and the addresses given below are only offices of the Company)

**CG-VAK Software and Exports Limited**

| INDIA   |   | USA  |
|---|---|--|
| <b>Registered Office - Unit I</b><br>No.171, Mettupalayam Road,<br>Coimbatore – 641043<br>India | <b>Unit II</b><br>S.F.No.174/2, Thiruvalluvar Street,<br>Vellakinar Pirivu Road, G.N.Mills Post,<br>Coimbatore – 641 029<br>India | <b>New Jersey</b><br>116, Village Boulevard,<br>Suite No.200, Princeton,<br>New Jersey - 08540,<br>USA |

**Wholly Owned Subsidiary:**

| California  | New Jersey   |
|---|--|
| CG-VAK Software USA Inc.,<br>1661, Tice Valley Blvd,<br>Suite # 101,<br>Walnut Creek,<br>California - 94595 | CG-VAK Software USA Inc.,<br>100, Overlook Centre,<br>2nd Floor,<br>Princeton,<br>New Jersey - 08540 |

**17. Address for Correspondence**

M/s. S.K.D.C. Consultants Limited,  
Kanapathy Towers, 3<sup>rd</sup> Floor  
1391/A-1 Sathy Road, Ganapathy  
Coimbatore 641 006.  
Phone : 0422 – 6549995, 2539835, 2539836  
Fax : 0422 – 2539837  
e-mail : [info@skdc-consultants.com](mailto:info@skdc-consultants.com)  
Website : [www.skdc-consultants.com](http://www.skdc-consultants.com)

**18. Address for Communication to the Company**

CG-VAK Software And Exports Limited,  
171, Mettupalayam Road,  
Coimbatore – 641043.  
Phone : 0422 – 2434491 to 93  
Fax : 0422 – 2440679  
e-mail : [investorservices@cgvak.com](mailto:investorservices@cgvak.com)  
Website : [www.cgvak.com](http://www.cgvak.com)

**X DISCLOSURES**

- There are no materially significant related party transactions that may have potential conflict with the interests of Company at large.
- During the Financial Year 2015-16, the Company had paid Rs.5,79,690/- to former Managing Director of Company as Gratuity as per order of the Joint Commissioner of labour vide his order dated 24<sup>th</sup> July, 2015
- The Enforcement Directorate vide their order. JD/CEZO/Z-I/12/2017, dated 29.11.2017, imposed a penalty of Rs. 14,00,000/- on the Company for procedural delays in disclosures under Foreign Exchange Management Act, 1999. The Company had paid the penalty imposed upon on 08.01.2018. The said penalty was paid by the Company to buy peace with the department.

- (d) Policy on determination of materiality of event or information:  
In accordance with requirements of the Listing Regulations, the Company has formulated a policy on determination of materiality of event or information.  
A copy of Policy on determination of materiality of event or information has been placed at our website at [www.cgvak.com](http://www.cgvak.com) for reference.
- (e) Policy for Document Retention & Archival:  
The Company has framed a record Management Policy for preservation of documents. This policy prescribes the nature of documents and period for which the same should be preserved.  
A copy of Document Retention & Archival Policy has been placed at our website at [www.cgvak.com](http://www.cgvak.com) for reference.
- (f) The Company has adopted a Whistle Blower Policy as a mechanism for employees to report to the management concern about unethical behavior, actual or suspected fraud or violation of the company's code of conduct and it affirms that no personnel have been denied access to the Audit Committee. A copy of Whistle Blower Policy has been placed at our website at [www.cgvak.com](http://www.cgvak.com) for reference.
- (g) The Secretarial Auditor of the Company has issued "CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS". The said certificate forms part of the report.

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

**XII** As required under Regulation 17(8) of the Listing Regulations, the CEO and CFO of the Company have certified the accuracy of Financial Statements, the Cash Flow Statements and adequacy of Internal Control Systems for financial reporting for the year ended 31<sup>st</sup> March, 2019 and the same is annexed to this report.

**XIII AUDITORS FEES ON CONSOLIDATED BASIS**

The total fees for all services paid by the Company and its subsidiary on a consolidated basis to the Statutory Auditors during the year 2018-19 is as follows:

| S.No. | Payment of fees towards          | CG-VAK SOFTWARE AND EXPORTS LTD | CG-VAK SOFTWARE USA INC | Total    |
|-------|----------------------------------|---------------------------------|-------------------------|----------|
| 1     | Statutory Audit & Limited Review | 1,50,000                        | -                       | 1,50,000 |
| 2     | Taxation Matters                 | -                               | -                       | -        |
| 3     | Other services                   | -                               | -                       | -        |

**DISCLOSURE AS REQUIRED UNDER SECTION 22 OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (prevention, prohibition and redressal) Act, 2013.**

The Company has in this place an Anti Sexual Harassment Policy in line with the requirements of the sexual harassment of women at workplace (prevention, prohibition, redressal) Act, 2013. The Internal Complaints Committee ("ICC") has been setup to redress the complaints received regarding sexual harassment. All employees are covered under this policy.

The following are the complaints received and disposed off during the financial year 2018-19:

- A. No. of complaints received : 0
- B. No. of pending : 0
- C. No. of complaints disposed off : 0

(By Order of the Board)

**For CG-VAK SOFTWARE AND EXPORTS LIMITED**

Place: Coimbatore  
Date : 09<sup>th</sup> August, 2019

C.Ganapathy  
**Chairman**  
DIN 00735840

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

[Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,

The Member of

**CG VAK SOFTWARE AND EXPORTS LIMITED**

171 Metupalayam Road,

Coimbatore - 641043.

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **CG VAK SOFTWARE AND EXPORTS LIMITED** having CIN:L30009TZ1994PLC005568 and having registered office at 171, Metupalayam Road, Coimbatore - 641043 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub Clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the company and its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of the Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or such other Statutory Authority.

| <b>Sr No.</b> | <b>Names of Director</b> | <b>DIN</b> | <b>Date of Appointment in company</b> |
|---------------|--------------------------|------------|---------------------------------------|
| 1             | Mr. C. Ganapathy         | 00735840   | 01/12/1995                            |
| 2             | Mr. G. Suresh            | 00600906   | 01/09/1995                            |
| 3             | Mr. S. Muthukumar        | 00758407   | 23/09/2002                            |
| 4             | Mr. S. Mohan             | 00761357   | 28/10/2004                            |
| 5             | Mrs. S. Latha            | 01793433   | 28/05/2014                            |
| 6             | Mr. M. Durairaj          | 02440888   | 02/08/1995                            |
| 7             | Mr. A. Sankar            | 03535173   | 30/05/2011                            |

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

Place : Coimbatore  
Date : 09<sup>th</sup> August 2019



**CEO AND CFO CERTIFICATION**

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

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

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

- (a) We have reviewed financial statements and the cash flow statement for the year ended 31<sup>st</sup> March 2019 and that to the best of their knowledge and belief:
  - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year 2018-2019 which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for the financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have not observed any deficiencies in the design or operation of such internal controls.
- (d) We have indicated to the Auditors and the Audit committee that there are:
  - (i) No significant changes in internal control over financial reporting during the year;
  - (ii) No significant changes in accounting policies during the year; and
  - (iii) No instances of significant fraud where the involvement of the management or an employee having a significant role in the company's internal control system over financial reporting have been observed.

Place : Coimbatore  
Date : 09<sup>th</sup> August, 2019

G.Suresh  
**Managing Director & CEO**  
DIN 00600906

P.S.Subramanian  
**Chief Financial Officer**

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

In accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby confirm that, all Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct, as applicable to them, for the financial year ended 31<sup>st</sup> March, 2019.

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

Place: Coimbatore  
Date : 09<sup>th</sup> August, 2019

G.Suresh  
**Managing Director & CEO**  
DIN 00600906

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To The Members of  
**CG-VAK SOFTWARE AND EXPORTS LIMITED**

1. We have examined the compliance of corporate governance by CG-VAK Software And Exports Limited (CIN: L30009TZ1994PLC005568) for the year ended 31<sup>st</sup> March, 2019 as per the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the extent applicable during the aforesaid period.

**Management's Responsibility**

2. The compliance of the conditions of corporate governance is the responsibility of the Management. The responsibility includes design, implementation and maintenance of internal control and procedures to ensure compliance with conditions of corporate governance as stated in Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015.

**Auditor's Responsibility**

3. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the company for ensuring compliance with the conditions of corporate governance as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. It is neither an audit nor an expression of opinion on the financial statements of the company.
4. We have examined the books of accounts and relevant documents and records maintained by the company for the purpose of providing reasonable assurance on the compliance to corporate governance requirements of the company.
5. We have carried out an examination of the relevant records of the company in accordance with the Guidance Note on certification of corporate governance issued by the institute of chartered accountants of India (ICAI), the standard on auditing specified under section 143(10) of the companies act 2013 in so far as applicable for the purpose of this certificate and as Guidance Note on reports and certificates for special purposes issued by the ICAI which requires that we comply with ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality control for firms that perform audits and review of historical information and other assurance and related service engagements.

**Opinion**

7. Based on our examination of the relevant records and according to the information and explanations provided to us and the representation provided by the management, we certify that the company has voluntarily complied with the conditions on corporate governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and para D of Schedule V of the SEBI listing regulations during the year ended 31<sup>st</sup> March 2019, we certify that the company has complied with the conditions of corporate governance as stipulated as per Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We state that no investor grievance is pending as on 31<sup>st</sup> March 2019 without response for a period exceeding one month against the company as per the records maintained by the stakeholder's grievance committee.

8. 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 M/s. N.C.Rajan & Co**  
Chartered Accountants  
Regn.No.003426S

**V.Gopalakrishnan**  
Partner  
M.No.202480

Place : Coimbatore  
Date : 09<sup>th</sup> August, 2019

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **1. INDUSTRY STRUCTURE**

The Global market for IT services is estimated to have grown by 3.2% year on year in FY 2019. Companies across the globe are undergoing a significant change due to the Digital Transformation, emergence of new technologies, platforms like cloud services and this has brought a paradigm shift in the way business is done. It is estimated that India's IT industry contributed about 7-8% of the GDP and had grown at a CAGR of about 10% since FY 2010. The IT-BPM exports revenue is expected to grow at 7-9% annually in the FY 2019.

India is one of the major players in the Global IT outsourcing market and as an outsourcing destination, India is estimated to get about 55% share of the global services sourcing market.

FY 2019 has been a challenging year due to economic volatility, technological disruptions and protectionism by leading markets like USA. However, opportunities in Digital Technologies continue to grow. North American market continues to be the major contributor for India's IT exports.

### **2. OPERATIONAL PERFORMANCE**

During the year under review your Company has achieved a turnover of Rs. 2035.24 lakhs as against Rs.1425.81 lakhs in the previous year. The net profit for the year is Rs.343.68 lakhs as against the net profit of Rs. 108.29 lakhs in the previous year. The company strengthened its focus on the offshore software services and Outsourced Product Development (OPD) market segment.

### **3. SEGMENT-WISE PERFORMANCE**

The contributions of business from various Geographical area were:

North America contributed to 78% and Rest of the world 22%.

The company has strategically increased the focus on offshore software services. The revenue from onsite services is Rs.16.06 lakhs and the business from Offshore Software Services is Rs. 1971.50 lakhs for the year 2018-2019 as against Rs.1302.11 lakhs in the previous financial year. The increase has been at 51% compared with previous year.

### **4. OPPORTUNITIES, THREATS, RISKS AND CONCERNS**

Good traction is seen in Cloud migration services, Outsourced Product Development (OPD), Product modernization, Automation and Mobile application development services. We see good opportunities from existing customers as they continually invest in latest technology upgradation. We have built many longstanding relationships with customers and seek to deepen the same by improving the value we offer to our clients particularly on technology adoption and we expect a good growth in the repeat business we get. The sales pipeline has been growing well and this provides good opportunities for growth. There is stiff competition from many Indian and International IT companies for 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, career growth and opportunity to work on cutting edge technologies. The company is exposed to the risks and benefits of foreign exchange fluctuations. The company is now adopting a very cautious approach in hedging the currency. High dependency on the North American market is again a risk, which we are trying to mitigate by expanding the geographical spread of our market. Currently we get over 78% of our business from the North America.

### **5. OUTLOOK FOR THE FUTURE**

The IT-BPM exports from INDIA for FY 2019-20 is expected to grow at the same level of last year. The Digitization initiatives by organizations worldwide is expected to continue at the same momentum. CG-VAK has successfully delivered solutions/projects in the areas like Cloud, Mobile, Social media and Analytics. We are also investing our efforts in emerging technologies like AI and we are well positioned to capitalize on the opportunities that are thrown open due to these trends.

The Company has been investing on technology adoption, building domain expertise, innovative delivery methods in the Outsourced Product Development space that has helped in differentiating our service offerings to win deals. A positive growth is expected to continue in the current financial year as well.

**6. IN ACCORDANCE WITH THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS 2018) (AMENDMENT) REGULATIONS, 2018, THE COMPANY IS REQUIRED TO GIVE DETAILS OF SIGNIFICANT CHANGES (AS COMPARED TO THE IMMEDIATELY PREVIOUS FINANCIAL YEAR) IN KEY FINANCIAL RATIOS**

| S.No | Ratios                  | 31.03.2019 | 31.03.2018 |
|------|-------------------------|------------|------------|
| 1.   | Debtors turnover        | 28 days    | 26 days    |
| 2.   | Inventory turnover      | NA         | NA         |
| 3.   | Interest coverage       | 925        | 927        |
| 4.   | Current ratio           | 3.10       | 2.88       |
| 5.   | Debt Equity ratio       | 0.22       | 0.21       |
| 6.   | Operating profit margin | 24%        | 11%        |
| 7.   | Net profit margin       | 17%        | 8%         |

\* Ratios are based on standalone financials.

The Operating and Net profit margin ratios have improved significantly during the current FY due to the following reasons.

i) We could execute few high margin projects mainly Fixed price projects. ii) The utilization, and productivity of resources have been lot better. iii) The Turnover increased by 43% whereas the expenses did not increase proportionately.

**7. DETAILS OF ANY CHANGE IN NETWORTH AS COMPARED TO IMMEDIATELY PREVIOUS FINANCIAL YEAR WITH A DETAILED EXPLANATION THEREOF**

|                    |            |        |
|--------------------|------------|--------|
| Return on Networth | 31.03.2018 | 11.06% |
| Return on Networth | 31.03.2019 | 26.59% |

The Return on Networth has increased during the Financial Year 2018-19 as the performance of the Company has improved as compared to the previous year due to the measures taken by the Company to improve the productivity, utilization and efficiency.

**8. INTERNAL CONTROLS & THEIR ADEQUACY**

We have a good control mechanism in place at all our departments. As we are an ISO 9001:2015 Certified Company, it has a well-matured development process in place where there is continuous 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.

**9. HUMAN RESOURCES**

One of the top priorities for the company has been recruiting and retaining good talent. The company has made various HR initiatives to ensure that higher level of job satisfaction is attained for its engineers. Also company adopts continuous skill enhancement practice for its engineers. As of 31<sup>st</sup> March 2019, the employee strength stood at **205**.

**10. CAUTION**

The views and statements expressed or implied in the Management Discussions and Analysis are based on available information, experience and our own assessments. They are subject to alterations. The Company's actual Performance may differ due to national or international ramifications, Government Regulations, Policies, Tax Laws and other unforeseen factors over which the Company do not or may not have any control.

(By Order of the Board)

**For CG-VAK SOFTWARE AND EXPORTS LIMITED**

Place: Coimbatore  
Date : 09<sup>th</sup> August, 2019

C.Ganapathy  
**Chairman**  
DIN 00735840

**INDEPENDENT AUDITOR'S REPORT****To the Members of CG-VAK Software and Exports Limited****Report on the Standalone Financial Statements****Opinion**

We have audited the Standalone Ind-AS Financial Statements of CG-VAK Software and Exports Limited ("the Company"), which comprise the Standalone Balance Sheet as at 31st March 2019, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and Standalone Statement of Cash Flows for the year then ended and notes to the Standalone Financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the Profit and Total comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of Matters**

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

- a. Note Nos .23-A (i) and 23-A (ii) to the Standalone Financial Statements regarding non provision of gratuity which describes the uncertainty relating to the outcome of the law suits filed against the company by a former director and his relatives.
- b. Note No.23-A (iii) to the Standalone Financial Statements regarding the claim on non- payment of fixed deposit by the company before the Madras High Court which describes the uncertainty relating to the outcome of the law suits filed against the company by a former director and his relatives.
- c. Note No.23-A (v) to the Standalone Financial Statements regarding cases filed by the Registrar of Companies, Coimbatore against the company with the Additional Sessions Judge, Coimbatore, pursuant to inspection carried out in 2012. Our opinion is not modified in respect of these matters.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have no key audit matters to communicate in our report.

**Other Information**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the Financial Statements and our auditor's report thereon.

Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in

the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of Sub-Section (11) of Section 143 of the Companies Act, 2013, we give in the Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

A. As required by Section 143(3) of the Act, we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c. The Standalone Balance Sheet, the Standalone Statement of Profit and Loss including Other Comprehensive Income, Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure "B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations as at 31<sup>st</sup> March 2019 on its financial position in the Standalone Financial Statements – Refer note 23
- ii. The Company did not have any material long-term contracts including derivative contracts for which there were any material foreseeable losses during the year ended 31<sup>st</sup> March, 2019.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

C. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its Directors during the year is in accordance with the provisions of Section 197 of the Act and is within the limit specified under the said Section.

For **M/s. N.C.Rajan & Co**  
Chartered Accountants  
Regn.No.003426S

**V.Gopalakrishnan**  
Partner  
M.No.202480

Place : Coimbatore  
Date : 24<sup>th</sup> May, 2019



**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**  
**(Referred to in Paragraph 1 of Report on Other Legal and Regulatory Requirements)**

According to the information and explanations sought by us and given by the Company and the books and records examined by us during the course of our Audit and to the best of our knowledge and belief we report the following:

- (I) In respect of the Company's fixed assets
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets
  - (b) The fixed assets have been physically verified in a phased periodical manner, by the management, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies have been noticed on such physical verification.
  - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of all the immovable properties are held in the name of the Company as at the Balance Sheet date.
- (ii) The Company is a service company, primarily rendering software services. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act.
- (iv) The company has not advanced any loans, made any investments in subsidiaries during the year, provided any guarantee or security in connection with a loan to any other body corporate or person.
- (v) The Company has not accepted any deposits from the public.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.
- (vii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, sales tax, value added tax, duty of customs, service tax, cess, GST and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance and duty of excise.  
According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.
- (viii) The Company has not defaulted in the repayment of dues to banks. The Company has not borrowed from financial institutions or Government and has not issued any debentures till date.
- (ix) According to the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer or availed any term loans during the year. The loan already availed have been applied for the purpose for which loans were obtained.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, the transactions with the related parties are in compliance with Sections 177 and 188 of the Act and details of such transactions have been disclosed in the Standalone Financial Statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or issued any fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For **M/s. N.C.Rajan & Co**  
Chartered Accountants  
Regn.No.003426S

**V.Gopalakrishnan**  
Partner  
M.No.202480

Place : Coimbatore  
Date : 24<sup>th</sup> May, 2019

**ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT****(Referred to in Paragraph 1(A)(f) of Report on Other Legal and Regulatory Requirements)****Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub- Section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of CG-VAK Software and Exports Limited (“the Company”) as of March 31, 2019 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

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

**Auditor’s Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk.

The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

**Meaning of Internal Financial Controls Over Financial Reporting**

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

A Company’s internal financial control over financial reporting includes those policies and procedures that

- I. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- ii. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and Directors of the Company; and
- iii. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **M/s. N.C.Rajan & Co**  
Chartered Accountants  
Regn.No.003426S

**V.Gopalakrishnan**  
Partner  
M.No.202480

Place : Coimbatore  
Date : 24<sup>th</sup> May, 2019

**BALANCE SHEET AS AT 31ST MARCH 2019**

| Particulars  | Note No | 31-Mar-2019<br>₹    | 31-Mar-2018<br>₹    |
|--|---------|---------------------|---------------------|
| <b>ASSETS</b>  |         |                     |                     |
| <b>1 Non-current assets</b>                              |         |                     |                     |
| (a) Property, plant and equipment                        | 3       | 2,77,97,945         | 1,64,33,538         |
| (b) Intangible assets                                    | 3       | 21,36,706           | 21,97,001           |
| <b>Non-current financial assets</b>                      |         |                     |                     |
| (c) Financial assets                                     |         |                     |                     |
| (i) Investments  | 4       | 3,56,00,161         | 3,56,00,161         |
| (ii) Other financial assets                              | 5       | 3,35,397            | 3,06,609            |
| (d) Deferred tax assets (net)                            | 20      | 28,02,427           | 34,56,942           |
| (e) Other non-current assets                             | 6       | 8,31,915            | 9,06,427            |
| <b>Total non - current assets</b>                        |         | <b>6,95,04,551</b>  | <b>5,89,00,678</b>  |
| <b>2 Current assets</b>                                  |         |                     |                     |
| (a) Investments  | 4       | 1,05,00,000         | 25,00,000           |
| (b) Financial assets                                     |         |                     |                     |
| (i) Trade receivables                                    | 7       | 1,56,03,218         | 1,03,26,464         |
| (ii) Cash and cash equivalents                           | 8       | 1,68,85,900         | 1,15,17,055         |
| (iii) Bank balances other than cash and cash equivalents | 8       | 3,17,25,984         | 2,95,73,777         |
| (iv) Other financial assets                              | 5       | 69,04,011           | 22,42,552           |
| (c) Current tax assets (net)                             |         | 0                   | 0                   |
| (d) Other current assets                                 | 6       | 66,42,864           | 36,27,468           |
| <b>Total Current Assets</b>                              |         | <b>8,82,61,977</b>  | <b>5,97,87,316</b>  |
| <b>TOTAL ASSETS</b>                                      |         | <b>15,77,66,528</b> | <b>11,86,87,994</b> |

**BALANCE SHEET AS AT 31ST MARCH 2019**

| Particulars   | Note No | 31-Mar-2019<br>₹    | 31-Mar-2018<br>₹    |
|---|---------|---------------------|---------------------|
| <b>EQUITY AND LIABILITIES</b>   |         |                     |                     |
| <b>Equity</b>   |         |                     |                     |
| (a) Equity share capital  | 9       | 5,05,02,000         | 5,05,02,000         |
| (b) Other equity  | 10      | 7,87,51,684         | 4,74,28,254         |
| <b>Total Equity</b>   |         | <b>12,92,53,684</b> | <b>9,79,30,254</b>  |
| <b>LIABILITIES</b>  |         |                     |                     |
| <b>1 Non-current liabilities</b>  |         |                     |                     |
| (a) Financial liabilities   |         |                     |                     |
| (i) Borrowings  | 11      | 0                   | 0                   |
| <b>Total Non - Current Liabilities</b>  |         | <b>0</b>            | <b>0</b>            |
| <b>2 Current liabilities</b>  |         |                     |                     |
| (a) Financial liabilities   |         |                     |                     |
| (i) Borrowings  | 11      | 99,76,415           | 0                   |
| (ii) Trade payables   | 13      |                     |                     |
| (i) Total outstanding dues of micro enterprises and small enterprises                       |         | 30,627              | 85,578              |
| (ii) Total outstanding dues of creditors other than micro enterprises and small enterprises |         | 11,23,687           | 5,83,535            |
| (b) Provisions  | 12      | 47,07,747           | 34,34,241           |
| (c) Other current liabilities   | 14      | 1,25,97,009         | 1,60,22,914         |
| (d) Current tax liabilities (net)   |         | 77,359              | 6,31,472            |
| <b>Total current liabilities</b>  |         | <b>2,85,12,844</b>  | <b>2,07,57,740</b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b>   |         | <b>15,77,66,528</b> | <b>11,86,87,994</b> |
| <b>See accompanying notes to the financial statements</b>                                   |         | 1 to 28             |                     |

For and on Behalf of the Board of Directors

G.Suresh  
**Managing Director**  
DIN : 00600906

C.Ganapathy  
**Executive Chairman**  
DIN : 00735840

Place : Coimbatore  
Date : 24<sup>th</sup> May, 2019

P.S. Subramanian  
**Chief Financial Officer**

Govind M Joshi  
**Company Secretary**

In terms of our report attached

For **M/s. N.C.Rajan & Co**  
Chartered Accountants  
Firm Regn.No.003426S

V.Gopalakrishnan  
Partner  
Membership No.202480

**Statement of Profit and Loss for the year ended March 31, 2019**

| Particulars  | Note No | 31-Mar-2019<br>₹    | 31-Mar-2018<br>₹    |
|--|---------|---------------------|---------------------|
| I Revenue from operations  | 15      | 20,35,24,055        | 14,25,81,031        |
| II Other income  | 16      | 22,47,037           | 36,66,219           |
| <b>III Total income (I + II)</b>   |         | <b>20,57,71,092</b> | <b>14,62,47,250</b> |
| <b>IV EXPENSES</b>   |         |                     |                     |
| Employee benefits expense  | 17      | 13,02,03,414        | 10,84,30,456        |
| Finance costs  | 18      | 52,078              | 16,806              |
| Depreciation and amortisation expense                                      | 3       | 34,03,283           | 28,14,448           |
| Other expenses   | 19      | 2,40,08,741         | 1,94,19,143         |
| <b>Total Expenses (IV)</b>   |         | <b>15,76,67,516</b> | <b>13,06,80,853</b> |
| <b>V Profit Before Tax (III - IV)</b>                                      |         | <b>4,81,03,576</b>  | <b>1,55,66,397</b>  |
| <b>VI Tax expense</b>  | 20      |                     |                     |
| Income tax   |         | 1,33,72,952         | 31,31,472           |
| Less: MAT Credit entitlement   |         | 0                   | (6,11,988)          |
| Deferred tax   |         | 2,46,358            | 19,24,214           |
| <b>Total Tax</b>   |         | <b>1,36,19,310</b>  | <b>44,43,698</b>    |
| <b>VII Profit for the year (V - VI)</b>                                    |         | <b>3,44,84,266</b>  | <b>1,11,22,699</b>  |
| <b>VIII Other comprehensive income</b>                                     |         |                     |                     |
| (i) Items that will not be reclassified to the statement of profit or loss |         |                     |                     |
| (a) Remeasurement of employee defined benefit plans                        |         | (1,61,675)          | (3,95,424)          |
| (b) Income tax on (a) above  |         | 44,978              | 1,01,822            |
| <b>IX Total comprehensive income for the year (VII + VIII)</b>             |         | <b>3,43,67,569</b>  | <b>1,08,29,097</b>  |
| <b>X Earnings per equity share of Rs. 10/-</b>                             |         |                     |                     |
| Basic  | 22      | 6.83                | 2.20                |
| Diluted  | 22      | 6.83                | 2.20                |
| <b>See accompanying notes to the financial statements</b>                  | 1 to 28 |                     |                     |

For and on Behalf of the Board of Directors

G.Suresh  
**Managing Director**  
DIN : 00600906

C.Ganapathy  
**Executive Chairman**  
DIN : 00735840

Place : Coimbatore  
Date : 24<sup>th</sup> May, 2019

P.S. Subramanian  
**Chief Financial Officer**

Govind M Joshi  
**Company Secretary**

In terms of our report attached

For **M/s. N.C.Rajan & Co**  
Chartered Accountants  
Firm Regn.No.003426S

V.Gopalakrishnan  
Partner  
Membership No.202480

### Statement of Changes in Equity for the year ended March 31, 2019

**a. Equity share capital**

Amount in Rs.

|   |                    |
|---|--------------------|
| Balance as at April 1, 2017                     | 5,05,02,000        |
| Changes in equity share capital during the year | 0                  |
| <b>Balance as at March 31, 2018</b>             | <b>5,05,02,000</b> |
| Changes in equity share capital during the year | 0                  |
| <b>Balance as at March 31, 2019</b>             | <b>5,05,02,000</b> |

**b. Other Equity**

Amount in Rs.

| Particulars  | Reserves & Surplus |                  |                    | Other Comprehensive Income     | Total other equity |
|--|--------------------|------------------|--------------------|--------------------------------|--------------------|
|  | General Reserve    | Forfeited Shares | Retained earnings  | Employees defined benefit plan |                    |
| <b>Balance as at April 1, 2017</b>                     | <b>1,10,00,000</b> | <b>41,700</b>    | <b>2,88,76,926</b> | <b>(2,80,170)</b>              | <b>3,96,38,456</b> |
| <b>Dividend and tax thereon</b>                        | <b>0</b>           |                  | <b>(30,39,299)</b> |                                | <b>(30,39,299)</b> |
| Profit for the year (net of taxes)                     | 0                  |                  | 1,11,22,699        | 0                              | 1,11,22,699        |
| Other Comprehensive Income for the year (net of taxes) | 0                  |                  | 0                  | (2,93,602)                     | (2,93,602)         |
| <b>Total Comprehensive income for the year</b>         | <b>0</b>           |                  | <b>1,11,22,699</b> | <b>(2,93,602)</b>              | <b>1,08,29,097</b> |
| <b>Balance as at March 31, 2018</b>                    | <b>1,10,00,000</b> | <b>41,700</b>    | <b>3,69,60,326</b> | <b>(573,772)</b>               | <b>4,74,28,254</b> |
|  |                    |                  |                    |                                | 0                  |
| <b>Dividend and tax thereon</b>                        | <b>0</b>           |                  | <b>(30,44,139)</b> |                                | <b>(30,44,139)</b> |
| Profit for the year (net of taxes)                     | 0                  |                  | 3,44,84,266        |                                | 3,44,84,266        |
| Other Comprehensive Income for the year (net of taxes) | 0                  |                  |                    | (1,16,697)                     | (1,16,697)         |
| <b>Total Comprehensive income for the year</b>         | <b>0</b>           | <b>0</b>         | <b>3,44,84,266</b> | <b>(1,16,697)</b>              | <b>3,43,67,569</b> |
| <b>Balance as at 31.03.2019</b>                        | <b>1,10,00,000</b> | <b>41,700</b>    | <b>6,84,00,453</b> | <b>(6,90,469)</b>              | <b>7,87,51,684</b> |

For and on Behalf of the Board of Directors

In terms of our report attached

 G.Suresh  
**Managing Director**  
 DIN : 00600906

 P.S. Subramanian  
**Chief Financial Officer**

 For **M/s. N.C.Rajan & Co**  
 Chartered Accountants  
 Firm Regn.No.003426S

 C.Ganapathy  
**Executive Chairman**  
 DIN : 00735840

 Govind M Joshi  
**Company Secretary**

 V.Gopalakrishnan  
 Partner  
 Membership No.202480

 Place : Coimbatore  
 Date : 24<sup>th</sup> May, 2019

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2019**

| Particulars  | 31-Mar-2019<br>₹     | 31-Mar-2018<br>₹     |
|--|----------------------|----------------------|
| <b>A Cash flow from operating activities</b>   |                      |                      |
| Profit before tax  | 4,81,03,576          | 1,55,66,397          |
| Adjustments for:   |                      |                      |
| Depreciation and amortisation expense  | 34,03,283            | 28,14,448            |
| Provision for doubtful debts   | 0                    | 9,65,102             |
| Net loss/(gain) on disposal of property, plant and equipment                         | 8,685                | 1,64,654             |
| Property, plant and equipment discarded  | 1,25,844             | 4,63,568             |
| Net loss/(gain) on disposal of Investments   | 0                    | 0                    |
| Interest income  | (20,21,847)          | (10,84,722)          |
| Dividend income  | (1,79,190)           | (2,07,648)           |
| Interest expense   | 52,078               | 16,806               |
| <b>Operating profit before working capital changes</b>                               | <b>4,94,92,429</b>   | <b>1,86,98,605</b>   |
| Adjustments for:   |                      |                      |
| (Increase)/decrease in trade receivables   | (52,76,755)          | 73,60,878            |
| (Increase)/decrease in other current financial assets                                | (48,25,000)          | (7,788)              |
| (Increase)/decrease in other current assets  | (30,15,396)          | (18,88,976)          |
| (Increase)/decrease in other non-current financial assets                            | (28,788)             | 0                    |
| (Increase)/decrease in other non-current assets                                      | 0                    | 0                    |
| Increase/(decrease) in trade payables  | 4,85,201             | 1,41,194             |
| Increase/(decrease) in provisions  | 11,11,831            | 7,10,327             |
| Increase/(decrease) in other non-current financial liabilities                       | 0                    | 0                    |
| Increase/(decrease) in other financial liabilities                                   | 0                    | 0                    |
| Increase/(decrease) in other current liabilities                                     | (34,25,905)          | 78,76,020            |
| <b>Cash generated from operations</b>  | <b>3,45,17,617</b>   | <b>3,28,90,260</b>   |
| Net income tax (paid) / refunds  | (1,33,99,417)        | (25,75,122)          |
| <b>Net cash flow from operating activities (A)</b>                                   | <b>2,11,18,200</b>   | <b>3,03,15,138</b>   |
| <b>B. Cash flow from investing activities</b>  |                      |                      |
| Capital expenditure on property, plant and equipment<br>(including capital advances) | (1,49,99,293)        | (37,72,823)          |
| Proceeds from sale of fixed assets   | 1,57,369             | 5,01,639             |
| Purchase of investments  | (80,00,000)          | (50,00,000)          |
| Bank balances other than cash and cash equivalents                                   | (21,52,207)          | (2,43,96,877)        |
| Interest received  | 21,85,388            | 3,54,658             |
| Dividend received  | 1,79,190             | 2,07,648             |
| <b>Net cash used in investing activities (B)</b>                                     | <b>(2,26,29,553)</b> | <b>(3,21,05,755)</b> |

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2019**

| Particulars  | 31-Mar-2019<br>₹   | 31-Mar-2018<br>₹   |
|--|--------------------|--------------------|
| <b>C. Cash flow from financing activities</b>                          |                    |                    |
| Borrowings (net)   | 99,76,415          | (1,89,435)         |
| Dividend and tax thereon paid  | (30,44,139)        | (30,39,299)        |
| Finance costs  | (52,078)           | (16,806)           |
| <b>Net cash flow used in financing activities (C)</b>                  | <b>68,80,198</b>   | <b>(32,45,540)</b> |
| <b>Net increase in Cash and cash equivalents (A+B+C)</b>               | <b>53,68,845</b>   | <b>(50,36,157)</b> |
| Cash and cash equivalents at the beginning of the year (refer note 9)  | 1,15,17,055        | 1,65,53,212        |
| <b>Cash and cash equivalents at the end of the year (refer note 9)</b> | <b>1,68,85,900</b> | <b>1,15,17,055</b> |

See accompanying notes to the financial statements

1 to 28

For and on Behalf of the Board of Directors

G.Suresh  
**Managing Director**  
DIN : 00600906

C.Ganapathy  
**Executive Chairman**  
DIN : 00735840

Place : Coimbatore  
Date : 24<sup>th</sup> May, 2019

P.S. Subramanian  
**Chief Financial Officer**

Govind M Joshi  
**Company Secretary**

In terms of our report attached

For **M/s. N.C.Rajan & Co**  
Chartered Accountants  
Firm Regn.No.003426S

V.Gopalakrishnan  
Partner  
Membership No.202480



*Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019*

**1 CORPORATE INFORMATION**

CG-VAK Software and Exports Limited (“the Company”) is a public limited company incorporated in India and governed by the Companies Act, 2013 (“the Act”). The company’s registered office is situated at 171, Mettupalayam Road, Coimbatore 641 043, Tamilnadu, India. The Company’s main business is providing of software services.

**2 SIGNIFICANT ACCOUNTING POLICIES****(i) Statement of compliance**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (“Ind AS”) notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 read with section 133 of the Companies Act, 2013.

**(ii) Basis of preparation and presentation**

The financial statements have been prepared on accrual basis under the historical cost convention except for certain financial assets and liabilities that are measured at fair values at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**(iii) Use of estimates and judgement**

In the application of the Company’s accounting policies, the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, else in the period of the revision and future periods if the revision affects both current and future periods.

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management’s evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may diverge from these estimates.

**(iv) Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (i.e. the “functional currency”). The financial statements are presented in Indian Rupee, the national currency of India, which is the functional currency of the Company.

**(v) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for rebates, and similar allowances.

**a) Service income:** Revenue from contracts priced on time are recognised when the services are rendered and related costs are incurred.

**b) Interest income:** Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

**c) Dividend income:** Dividend is recognised when the right to receive payment is established.

**(vi) Investment in subsidiary**

Investments in subsidiary is accounted at cost less impairment losses, if any.

**(vii) Foreign currencies**

In preparing the financial statements of the Company, transactions in currencies other than the entity’s functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences on monetary items are recognised in the statement of profit and loss in the period in which they arise except for exchange differences on transactions designated as fair value hedge.

*Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019*

**(viii) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets, until such time the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**(ix) Employee benefits**

The Company participates in various employee benefit plans. The employment benefits are classified as either defined contribution plans or defined benefit plans. Under a defined contribution plan, the Company's only obligation is to pay a fixed amount with no obligation to pay further contributions. The expenditure for defined contribution plans is recognized as expense during the period when the employee provides service. Under a defined benefit plan, it is the Company's obligation to provide agreed benefits to the employees. The related actuarial risks fall on the Company. The present value of the defined benefit obligations is calculated using the projected unit credit method.

Short-term employee benefits

All short-term employee benefits such as salaries, wages, bonus, and other benefits which fall within 12 months of the period in which the employee renders related services which entitles them to avail such benefits and non-accumulating compensated absences are recognised on an undiscounted basis and charged to the statement of profit and loss.

A liability is recognised for benefits accruing to employees in respect of wages and salaries in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Defined contribution plan

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plan

In accordance with the Payment of Gratuity Act, 1972, the Company provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Company. The gratuity benefit is funded. The Company's obligation in respect of the gratuity, which is a defined benefit plan, is provided for based on actuarial valuation using the projected unit credit method. Actuarial gains or losses are recognized in other comprehensive income.

Remeasurement, comprising actuarial gains and losses is reflected immediately in the balance sheet with charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected in retained earnings and is not reclassified to the statement of profit and loss.

**(x) Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

**a) Current tax:** Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

**b) Minimum Alternate Tax (MAT):** MAT paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

**c) Deferred tax:** Deferred tax is recognized using the balance sheet approach. Deferred tax assets and liabilities are recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilised.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

***Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019***

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

**(xi) Property, plant and equipment**

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land is not depreciated. Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. The cost of property, plant and equipment comprises its purchase price/ acquisition cost, net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying property, plant and equipment up to the date the asset is ready for its intended use. Machinery spares which can be used only in connection with an item of Property, plant and equipment and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure on property, plant and equipment after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Depreciation on Property, plant and equipment (other than freehold land) has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

The estimated useful life of the tangible assets are reviewed at the end of the each financial year and the depreciation period is revised to reflect the changed pattern, if any.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

**(xii) Intangible assets**

Intangible assets include cost of software and designs. Intangible assets are initially measured at acquisition cost including any directly attributable costs of preparing the asset for its intended use. Intangible assets with finite lives are amortized over their estimated useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangible Assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

**(xiii) Impairment of tangible and intangible assets**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

If the recoverable amount of the assets are estimated to be less than their carrying amounts, the carrying amounts of those assets are reduced to their recoverable amounts. Impairment losses are recognised immediately in the Statement of Profit and Loss. When impairment losses are subsequently reversed, the carrying amount of those assets are increased to their revised estimates of their recoverable amounts, so that the increased carrying amounts do not exceed the carrying amounts that would have been determined had no impairment losses recognised for those assets in prior years. The reversal of impairment losses are recognised immediately in the Statement of Profit and Loss.

**(xiv) Provisions and contingencies**

Provisions: A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Contingent liabilities: Contingent liabilities are not recognised but are disclosed in notes to accounts.

*Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019*

**(xv) Financial instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially recognised at fair value. Transaction costs that are directly attributable to financial assets and liabilities [other than financial assets and liabilities measured at Fair Value Through Profit and Loss (FVTPL)] are added to or deducted from the fair value of the financial assets or liabilities, as appropriate on initial recognition. Transaction costs directly attributable to acquisition of financial assets or liabilities measured at FVTPL are recognised immediately in the statement of profit and loss.

- a) Non-derivative Financial assets:** All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

**Financial assets at amortised cost**

A financial asset is measured at amortised cost if both of the following conditions are met:

- a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

**Effective interest method:**

The rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

- b) Derecognition of financial assets:** A financial asset is derecognised only when the:- Company has transferred the rights to receive cash flows from the financial asset; or- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

When the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. When the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

- c) Foreign exchange gains and losses:** The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in Statement of Profit and Loss.

- d) Financial liabilities:**

**Initial recognition and measurement**

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of financial liabilities not at fair value through the Statement of Profit and Loss as directly attributable transaction costs.

**Subsequent measurement**

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the Statement of Profit and Loss when the liabilities are derecognised and through the amortisation process.

*Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019*

**Derecognition of financial liabilities**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

**(xvi) Segment reporting**

Operating segments are reported in the manner consistent with the internal reporting to the Chief Operating Decision Maker (CODM) as per Ind AS 108. The Company is reported at an overall level, and hence there is only one reportable segment viz., Software Services. Geographic information is based on business sources from that geographic region. Accordingly the geographical secondary segments are determined as "North America" and "Rest of the World".

**(xvii) Cash and cash equivalents**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition) and highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, in banks and demand deposits (with an original maturity of three months or less from the date of acquisition) with banks.

**(xviii) Operating Cycle**

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

*Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019*

**3 Property, Plant and Equipments**

Amount in Rs.

| Description of Assets                              | Freehold Land | Buildings        | Plant Equipment    | Vehicles         | Furniture and Fixtures | Total Property, plant and Equipment | Intangible Assets (Software) |
|--|---------------|------------------|--------------------|------------------|------------------------|-------------------------------------|------------------------------|
| <b>I. Gross Block (cost or deemed cost)</b>        |               |                  |                    |                  |                        |                                     |                              |
| <b>Balance as at April 1, 2017</b>                 | 63,75,000     | 22,04,186        | 50,71,088          | 26,78,111        | 14,96,361              | 1,78,24,746                         | 37,59,522                    |
| Additions  |               | 66,100           | 18,45,449          | 4,00,000         | 4,97,096               | 28,08,645                           | 5,00,610                     |
| Disposals  | 0             |                  | 2,39,003           | 0                | 2,36,273               | 4,75,276                            | 7,14,628                     |
| <b>Balance as at March 31, 2018</b>                |               | 22,70,286        | 66,77,534          | 30,78,111        | 17,57,184              | 2,01,58,115                         | 35,45,504                    |
| Additions  |               | 7,40,830         | 41,73,694          | 68,59,142        | 23,74,769              | 1,41,48,435                         | 7,25,014                     |
| Disposals  | 0             | 0                | 72,189             | 0                | 41,377                 | 1,13,566                            | 1,25,844                     |
| <b>Balance as at 31.03.19</b>                      | <b>0</b>      | <b>30,11,116</b> | <b>1,07,79,039</b> | <b>99,37,253</b> | <b>40,90,576</b>       | <b>3,41,92,984</b>                  | <b>41,44,674</b>             |
| <b>II. Accumulated Depreciation and Impairment</b> |               |                  |                    |                  |                        |                                     |                              |
| <b>Balance as at April 1, 2017</b>                 | 0             | 1,44,582         | 10,29,738          | 5,81,877         | 1,35,163               | 18,91,360                           | 8,90,883                     |
| Charge for the year                                | 0             | 1,44,590         | 12,02,297          | 6,07,280         | 1,51,601               | 21,05,768                           | 7,08,680                     |
| Withdrawal on Disposals                            |               |                  | 36,278             | 0                | 2,36,273               | 2,72,551                            | 2,51,060                     |
| <b>Balance as at March 31, 2018</b>                | 0             | 2,89,172         | 21,95,757          | 11,89,157        | 50,491                 | 37,24,577                           | 13,48,503                    |
| Charge for the year                                |               | 1,49,886         | 16,63,003          | 7,21,707         | 2,09,221               | 27,43,818                           | 6,59,465                     |
| Withdrawal on Disposals                            |               | 0                | 31,979             | 0                | 41,377                 | 73,356                              | 0                            |
| <b>Balance as at 31.03.19</b>                      | <b>0</b>      | <b>4,39,058</b>  | <b>38,26,781</b>   | <b>19,10,864</b> | <b>2,18,335</b>        | <b>63,95,039</b>                    | <b>20,07,968</b>             |
| <b>Net block (I-II)</b>                            |               |                  |                    |                  |                        |                                     |                              |
| Balance as at 31.03.19                             | <b>0</b>      | <b>25,72,058</b> | <b>69,52,258</b>   | <b>80,26,389</b> | <b>38,72,241</b>       | <b>2,77,97,945</b>                  | <b>21,36,706</b>             |
| Balance as at March 31, 2018                       | 0             | 19,81,114        | 44,81,777          | 18,88,954        | 17,06,693              | 1,64,33,538                         | 21,97,001                    |

*Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019*

| Note                 | Particulars   | Amount in Rs.      |                    |
|----------------------|---|--------------------|--------------------|
|                      |   | 31-March - 2019    | 31-Mar - 2018      |
| <b>4 INVESTMENTS</b> |   |                    |                    |
|                      | <b><u>Non-current</u></b>                                   |                    |                    |
|                      | At Cost   |                    |                    |
|                      | <b>I. Quoted Investments (fully paid)</b>                   |                    |                    |
|                      | Investment in Mutual funds                                  |                    |                    |
|                      | SBI DAF Series - XXVI Regular Growth                        | 25,00,000          | 25,00,000          |
|                      | 250000 Units of Rs. 10 each                                 |                    |                    |
|                      | <b>II. Unquoted Investments (all fully paid)</b>            |                    |                    |
|                      | Investment in Equity Instruments of wholly owned subsidiary |                    |                    |
|                      | CGVAK Software USA Inc                                      | 3,31,00,161        | 3,31,00,161        |
|                      | 750 Equity Shares of US\$ 1,000 each                        |                    |                    |
|                      | <b>Total</b>  | <b>3,56,00,161</b> | <b>3,56,00,161</b> |
|                      | Aggregate amount of non-current quoted investments          |                    |                    |
|                      | Aggregate market value of non-current quoted investments    | 26,12,050          | 25,15,000          |
|                      | Aggregate amount of non-current unquoted investments        | 3,31,00,161        | 3,31,00,161        |
|                      | <b><u>Current</u></b>                                       |                    |                    |
|                      | At Cost   |                    |                    |
|                      | <b>I. Quoted Investments (fully paid)</b>                   |                    |                    |
|                      | Mutual Funds  |                    |                    |
|                      | SBI Saving Fund Regular Plan (Daily Dividend)               | 50,00,000          | 0                  |
|                      | 495780.905 Units of Rs. 10.0886 each                        |                    |                    |
|                      | SBI Equity saving Fund Regular Growth                       | 25,00,000          | 25,00,000          |
|                      | 201734.92 Units of Rs. 10each                               |                    |                    |
|                      | <b>HDFC Mutual Fund (Growth)</b>                            |                    |                    |
|                      | HDFC Capital Builder value fund Reg Growth                  | 6,00,000           | 0                  |
|                      | 1946.811 units of Rs.302.607 each                           |                    |                    |
|                      | HDFC Small Cap fund Reg Growth                              | 3,00,000           | 0                  |
|                      | 6486.428 units of Rs.44.639 each                            |                    |                    |
|                      | HDFC Mid Cap opputunities fund Reg Growth                   | 3,00,000           | 0                  |
|                      | 5074.622 units of Rs.56.284 each                            |                    |                    |
|                      | HDFC Hybrid Equity fund Reg Growth                          | 18,00,000          | 0                  |
|                      | 33724.307 units of Rs.54.444 each                           |                    |                    |
|                      |   | <b>1,05,00,000</b> | <b>25,00,000</b>   |
|                      | Aggregate amount of current quoted investments              | 1,05,00,000        | 25,00,000          |
|                      | Aggregate market value of current quoted investments        | 1,06,12,436        | 25,01,775          |

*Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019*

| Note     | Particulars   | Amount in Rs.    |                  |
|----------|---|------------------|------------------|
|          |   | 31-March - 2019  | 31-March - 2018  |
| <b>5</b> | <b>Other Financial Assets</b>   |                  |                  |
|          | (Unsecured and considered good)   |                  |                  |
|          | <b><u>Non-current</u></b>   |                  |                  |
|          | <b>Measured at amortised cost</b>   |                  |                  |
|          | Electricity deposit   | 2,46,520         | 2,46,520         |
|          | Fixed deposits with Banks held as security against borrowings (maturity of more than 12 months from the balance sheet date) | 88,877           | 60,089           |
|          | <b>Total</b>  | <b>3,35,397</b>  | <b>3,06,609</b>  |
|          | <b><u>Current</u></b>   |                  |                  |
|          | <b>At cost</b>  |                  |                  |
|          | Rental Deposits to Related Party  | 50,60,000        | 11,00,000        |
|          | Interest accrued on fixed deposits  | 7,91,041         | 9,54,582         |
|          | Security Deposits   | 10,52,970        | 1,87,970         |
|          | <b>Total</b>  | <b>69,04,011</b> | <b>22,42,552</b> |
| <b>6</b> | <b>Other Assets</b>   |                  |                  |
|          | (Unsecured and considered good)   |                  |                  |
|          | <b><u>Non-current</u></b>   |                  |                  |
|          | Advance Income Tax (Net of provisions)  | 8,31,915         | 9,06,427         |
|          | <b>Total</b>  | <b>8,31,915</b>  | <b>9,06,427</b>  |
|          | <b><u>Current</u></b>   |                  |                  |
|          | Prepaid expenses  | 12,32,600        | 13,16,743        |
|          | Staff advance   | 7,95,313         | 10,58,586        |
|          | Other assets  | 46,14,951        | 12,52,139        |
|          | <b>Total</b>  | <b>66,42,864</b> | <b>36,27,468</b> |
| <b>7</b> | <b>Trade receivables *</b>  |                  |                  |
|          | <b>Unsecured and considered good</b>  |                  |                  |
|          | Outstanding for a period exceeding six months from the due date   | 0                | 0                |
|          | Others  | 1,56,03,218      | 1,03,26,464      |
|          | <b>Unsecured and considered doubtful</b>  |                  |                  |
|          | Outstanding for a period exceeding six months from the due date   | 0                | 9,76,626         |
|          | Others  |                  |                  |



*Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019*

| Note | Particulars   | Amount in Rs.      |                    |
|------|---|--------------------|--------------------|
|      |   | 31-March - 2019    | 31-March - 2018    |
|      | Less: Provision for doubtful debts                  | 0                  | (9,76,626)         |
|      | <b>Total</b>  | <b>1,56,03,218</b> | <b>1,03,26,464</b> |
|      | * includes due from related parties - refer note 25 | 7,55,951           | 4,00,296           |
|      | <b>Movement in the allowance for doubtful debts</b> |                    |                    |
|      | Balance as at the beginning of the year             | 9,76,626           | 87,03,356          |
|      | Allowance for the year                              |                    | 9,76,626           |
|      | Amount written off                                  | (9,76,626)         | (87,03,356)        |
|      | Amount written back                                 |                    |                    |
|      | Amount collected                                    |                    |                    |
|      | <b>Balance as at the end of the year</b>            | <b>0</b>           | <b>9,76,626</b>    |

The Company evaluates all customer dues for collectability. The need for allowance is assessed based on various factors including collectability, present market indicators pertaining to the relevant country which could affect the ability to settle. Allowances are made for debtor dues exceeding one year or longer from the date of invoice as at the date of the balance sheet. The company pursues all recovery of dues irrespective of provisions made.

**8 Cash and bank balances**
**Cash and cash equivalents**

|                        |                    |                    |
|------------------------|--------------------|--------------------|
| Cash in hand           | 14,971             | 6,296              |
| Balances with banks    |                    |                    |
| in Current accounts    | 1,68,70,929        | 1,14,60,456        |
| in Cash Credit account | 0                  | 50,303             |
| <b>Total</b>           | <b>1,68,85,900</b> | <b>1,15,17,055</b> |

**Bank balances**

|  |                    |                    |
|--|--------------------|--------------------|
| (i) Fixed deposits held as security against borrowings (maturity of not more than 12 months from the balance sheet date) | 6,41,716           | 5,73,777           |
| (ii) Fixed deposits (maturity of not more than 12 months from the balance sheet date)                                    | 3,10,84,268        | 2,90,00,000        |
| <b>Total</b>   | <b>3,17,25,984</b> | <b>2,95,73,777</b> |

*Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019*
**9 Share Capital**

Amount in Rs.

| Particulars  | As at March 31, 2019      |                    | As at March 31, 2018      |                    |
|--|---------------------------|--------------------|---------------------------|--------------------|
|  | No. of Shares<br>in lakhs | Amount in<br>Rs    | No. of Shares<br>in lakhs | Amount in<br>Rs    |
| <b>(a) Authorised</b><br>Equity shares of Rs.10<br>each with voting rights                               | 70,00,000                 | 7,00,00,000        | 70,00,000                 | 7,00,00,000        |
| <b>(b) Issued, Subscribed and<br/>fully paid up</b><br>Equity shares of Rs.10 each<br>with voting rights | 50,50,200                 | 5,05,02,000        | 50,50,200                 | 5,05,02,000        |
| <b>Total</b>   | <b>50,50,200</b>          | <b>5,05,02,000</b> | <b>50,50,200</b>          | <b>5,05,02,000</b> |

**(c) Rights, preferences and restrictions attached to shares**

The company has only one class of equity shares having a par value of Rs.10/- per share. Each share holder is entitled for one vote. As per the terms of the share issued, the Company shall declare an annual dividend payable to the share holders in proportion to the respective equity shares held by them on a fully diluted basis. Repayment of share capital on liquidation will be in proportion to the number of equity shares held.

**(d) Reconciliation of the shares outstanding at the beginning and at the end of the year**

Amount in Rs.

| Particulars                                       | Opening<br>Balance | Fresh Issue / Conversion /<br>Redemption | Shares forfeited | Closing Balance |
|---|--------------------|--|------------------|-----------------|
| <b>Equity shares with voting rights</b>           |                    |  |                  |                 |
| <b>Year ended March 31, 2019</b>                  |                    |  |                  |                 |
| - Number of shares                                | 50,50,200          | -  | -                | 50,50,200       |
| - Amount (in Rs.)                                 | 5,05,02,000        | -  | -                | 5,05,02,000     |
| <b>Year ended March 31, 2018</b>                  |                    |  |                  |                 |
| - Number of shares                                | 50,50,200          | -  | -                | 50,50,200       |
| - Amount (in Rs.)                                 | 5,05,02,000        | -  | -                | 5,05,02,000     |
| <b>As at April 1, 2017</b>                        |                    |  |                  |                 |
| - Number of shares                                | 50,50,200          | -  | -                | 50,50,200       |
| - Amount (in Rs.)                                 | 5,05,02,000        | -  | -                | 5,05,02,000     |
| <b>Compulsorily convertible preference shares</b> |                    |  |                  |                 |
| Year ended March 31, 2019                         |                    |  |                  |                 |
| - Number of shares (in lakhs)                     | -                  | -  | -                | -               |
| - Amount (in lakhs)                               | -                  | -  | -                | -               |
| Year ended March 31, 2018                         |                    |  |                  |                 |
| - Number of shares (in lakhs)                     | -                  | -  | -                | -               |
| - Amount (in lakhs)                               | -                  | -  | -                | -               |
| Year ended April 1, 2017                          |                    |  |                  |                 |
| - Number of shares (in lakhs)                     | -                  | -  | -                | -               |
| - Amount (in lakhs)                               | -                  | -  | -                | -               |

*Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019*
**(e) Shareholders holding more than 5% shares in the Company**

| Class of shares /<br>Name of shareholder | As at March 31, 2019     |   | As at March 31, 2018     |   |
|--|--------------------------|---|--------------------------|---|
|  | Number of<br>shares held | % holding in<br>that class<br>of shares | Number of<br>shares held | % holding in<br>that class<br>of shares |
| <b>Equity shares with voting rights</b>  |                          |   |                          |   |
| Mrs. S. Latha                            | 9,72,916                 | 19.26%                                  | 8,88,031                 | 17.58%                                  |
| Mr. G. Suresh                            | 9,52,060                 | 18.85%                                  | 9,52,060                 | 18.85%                                  |
| Mr. K. V. Kamaraj                        | 5,21,674                 | 10.33%                                  | 5,21,674                 | 10.33%                                  |
| Mr. C. Ganapathy                         | 4,06,350                 | 8.05%                                   | 4,06,350                 | 8.05%                                   |

(f) The Company has not issued any bonus shares during the period of 5 years immediately preceding the balance sheet date

**10 Other equity**

Amount in Rs.

| Particulars   | As at March 31,<br>2019 | As at March 31,<br>2018 |
|---|-------------------------|-------------------------|
| <b>General reserve</b><br>(General reserve is created from time to time by transferring profits from retained earnings and can be utilised for purposes such as dividend payout, bonus issue, etc.) | 1,10,00,000             | 1,10,00,000             |
| <b>Forfeited share</b><br>(Partly paid-up shares were forfeited)  | 41,700                  | 41,700                  |
| <b>Retained earnings</b><br>(Retained earnings comprise of the Company's undistributed earnings after taxes)  | 6,84,00,453             | 3,69,60,326             |
| <b>Other comprehensive income</b><br>(Items of other comprehensive income consists of remeasurement of net defined benefit liability/asset)   | (6,90,469)              | (5,73,772)              |
| <b>Total</b>  | <b>7,87,51,684</b>      | <b>4,74,28,254</b>      |

| Particulars   | As at March 31,<br>2019 | As at March 31,<br>2018 |
|---|-------------------------|-------------------------|
| <b>10.a General reserve</b>                               |                         |                         |
| Balance at beginning of year                              | 1,10,00,000             | 1,10,00,000             |
| Less: Utilised for preference shares buy back             |                         | 0                       |
| <b>Balance at end of year</b>                             | <b>1,10,00,000</b>      | <b>1,10,00,000</b>      |
| <b>10.b Share forfeiture reserve</b>                      |                         |                         |
| Balance at beginning of year                              | 41,700                  | 41,700                  |
| Movement during the year                                  |                         | 0                       |
| <b>Balance at end of year</b>                             | <b>41,700</b>           | <b>41,700</b>           |
| <b>10.c Retained earnings</b>                             |                         |                         |
| Balance at beginning of year                              | 3,69,60,326             | 2,88,76,926             |
| Dividend and tax thereon                                  | (30,44,139)             | (30,39,299)             |
| Profit attributable to owners of the Company              | 3,44,84,266             | 1,11,22,699             |
| <b>Balance at end of year</b>                             | <b>6,84,00,453</b>      | <b>3,69,60,326</b>      |
| <b>10.d Other comprehensive income</b>                    |                         |                         |
| Balance at beginning of year                              | (5,73,772)              | (2,80,170)              |
| Remeasurement of defined benefit obligations (net of tax) | (1,16,697)              | (2,93,602)              |
| <b>Balance at end of year</b>                             | <b>(6,90,469)</b>       | <b>(5,73,772)</b>       |

*Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019*
**11 Borrowings**
**Current**

Amount in Rs.

| Particulars  | As at March 31,<br>2019 | As at March 31,<br>2018 |
|--|-------------------------|-------------------------|
| Secured  |                         |                         |
| Cash credit facility from State Bank of India (refer note below) | 99,76,415               | -                       |
| <b>Total</b>   | <b>99,76,415</b>        | <b>-</b>                |

Cash credit facility sanctioned Limit of Rs.1 Crore from State Bank of India is secured by Equitable mortgage over land and building as collateral security. Further secured by Personal Guarantee of the Managing director & Executive Chairman and hypothecation of entire stocks, Receivables and other current assets.

**12 Provisions**

| Particulars                     | As at March 31,<br>2019 | As at March 31,<br>2018 |
|---------------------------------|-------------------------|-------------------------|
| <b>Current</b>                  |                         |                         |
| Provision for employee benefits |                         |                         |
| Gratuity                        | 47,07,747               | 34,34,241               |
| <b>Total</b>                    | <b>47,07,747</b>        | <b>34,34,241</b>        |

**13 Trade Payables**

| Particulars   | As at March 31,<br>2019 | As at March 31,<br>2018 |
|---|-------------------------|-------------------------|
| <b>Current</b>  |                         |                         |
| Payable to micro and small enterprises (refer note below) | 30,627                  | 85,578                  |
| Others  | 11,23,687               | 5,83,535                |
| <b>Total</b>  | <b>11,54,314</b>        | <b>6,69,113</b>         |

Note: (i) Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 are given in Note 27.1

(ii) The average credit period on purchases is normally 30 days. No interest is charged on the trade payables. The Company has financial risk management policies in place to ensure that payables are paid within the credit terms.

**14 Other current liabilities**

| Particulars                     | As at March 31,<br>2019 | As at March 31,<br>2018 |
|---------------------------------|-------------------------|-------------------------|
| <b>Current</b>                  |                         |                         |
| Statutory Liabilities           | 19,79,411               | 16,45,958               |
| Advance received from customers | 0                       | 47,46,716               |
| Salary payable                  | 79,39,550               | 71,06,511               |
| Other payable                   | 26,78,048               | 25,23,729               |
| <b>Total</b>                    | <b>1,25,97,009</b>      | <b>1,60,22,914</b>      |

*Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019*
**15 Revenue from Operations**

Amount in Rs.

| Particulars                                      | As at March 31,<br>2019 | As at March 31,<br>2018 |
|--|-------------------------|-------------------------|
| Software services (offshore and onsite services) | 19,87,55,433            | 13,71,30,948            |
| Information Technology Enabled Services          | 47,68,622               | 54,50,083               |
| <b>Total</b>                                     | <b>20,35,24,055</b>     | <b>14,25,81,031</b>     |

**16 Other Income**

| Particulars  | As at March 31,<br>2019 | As at March 31,<br>2018 |
|--|-------------------------|-------------------------|
| Interest income from Bank deposits                             | 20,21,847               | 10,84,722               |
| Dividend income from Mutual Fund                               | 1,79,190                | 2,07,648                |
| Net gain/Loss on foreign currency transactions and translation | 0                       | 22,98,849               |
| Sundry receipts  | 46,000                  | 75,000                  |
| <b>Total</b>   | <b>22,47,037</b>        | <b>36,66,219</b>        |

**17 Employee Benefits Expense**

| Particulars                          | As at March 31,<br>2019 | As at March 31,<br>2018 |
|--------------------------------------|-------------------------|-------------------------|
| Salaries and wages                   | 11,15,99,543            | 9,16,72,253             |
| Directors remuneration               | 95,00,000               | 90,00,000               |
| Medical reimbursements to Directors  | 0                       | 0                       |
| Contribution to provident fund & ESI | 48,89,694               | 44,06,844               |
| Retirement benefits                  | 17,11,831               | 12,54,629               |
| Staff welfare expenses               | 25,02,346               | 20,96,730               |
| <b>Total</b>                         | <b>13,02,03,414</b>     | <b>10,84,30,456</b>     |

**18 Finance Cost**

| Particulars                                    | As at March 31,<br>2019 | As at March 31,<br>2018 |
|--|-------------------------|-------------------------|
| Interest paid to bank for cash credit facility | 48,048                  | 7,454                   |
| Interest paid to others - on vehicle loans     | 4,030                   | 9,352                   |
| <b>Total</b>                                   | <b>52,078</b>           | <b>16,806</b>           |

*Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019*

**19 Other Expenses**

Amount in Rs.

| Particulars   | As at March 31,<br>2019 | As at March 31,<br>2018 |
|---|-------------------------|-------------------------|
| Rent  | 36,07,145               | 20,94,043               |
| Professional charges                                      | 15,80,754               | 21,28,656               |
| Power & Fuel  | 25,11,633               | 21,22,711               |
| Communication expenses                                    | 28,43,028               | 20,56,549               |
| HRD expenses  | 5,34,835                | 8,86,793                |
| Travelling expenses                                       | 23,68,102               | 17,34,589               |
| Taxes & Licences  | 1,36,669                | 2,47,497                |
| Building repairs  | 4,46,841                | 92,147                  |
| Vehicle repairs   | 1,18,089                | 1,91,016                |
| General repairs   | 20,75,727               | 12,26,925               |
| Provision for doubtful debts                              | 0                       | 9,65,102                |
| Remuneration to Auditors [Refer Note (i) below]           | 1,50,000                | 1,50,000                |
| Share demat expenses                                      | 1,29,000                | 1,34,000                |
| Bank charges  | 14,26,417               | 12,24,990               |
| Business promotion and Marketing expenses                 | 18,148                  | 1,62,476                |
| Printing & Stationery                                     | 2,17,237                | 1,62,393                |
| Legal and Consultancy                                     | 9,56,012                | 7,93,665                |
| STPI service charges                                      | 4,50,000                | 1,10,000                |
| Donation  | 1,02,001                | 10,100                  |
| Sitting fees  | 1,71,000                | 1,66,000                |
| Listing fees / filing fees                                | 2,72,400                | 2,98,900                |
| Penalty   | 0                       | 14,00,000               |
| Loss on Intangible assets discarded                       | 1,25,844                | 4,63,568                |
| Loss on sale of property, plant and equipment             | 8,685                   | 1,64,654                |
| Net Loss on foreign currency transactions and translation | 27,28,401               | 0                       |
| Other administrative expenses                             | 10,30,772               | 4,32,369                |
| <b>Total</b>  | <b>2,40,08,741</b>      | <b>1,94,19,143</b>      |

**Note (i) Remuneration to Auditors**

| Particulars                   | As at March 31,<br>2019 | As at March 31,<br>2018 |
|-------------------------------|-------------------------|-------------------------|
| Audit fees                    | 1,50,000                | 1,50,000                |
| Taxation matters              | -                       | -                       |
| Limited review certifications | -                       | -                       |
| Reimbursement of expenses     | -                       | -                       |
| <b>Total</b>                  | <b>1,50,000</b>         | <b>1,50,000</b>         |

*Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019*
**20 Tax expense**

Amount in Rs.

| Particulars   | As at March 31,<br>2019 | As at March 31,<br>2018 |
|---|-------------------------|-------------------------|
| <b>Income tax</b>   |                         |                         |
| In respect of the current year  | 1,31,14,583             | 31,31,472               |
| In respect of the prior year  | 2,58,369                |                         |
| MAT Credit  | 0                       | (6,11,988)              |
| <b>Deferred tax</b>   | 2,46,358                | 19,24,214               |
| <b>Total income tax expense recognised in the current year</b>  | <b>1,36,19,310</b>      | <b>44,43,698</b>        |
| The reconciliation between the provision of income tax of the Company and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows: |                         |                         |
| <b>Current Tax:</b>   |                         |                         |
| Profit before tax   | 4,81,03,576             | 1,55,66,397             |
| Enacted income tax rate   | 27.82%                  | 25.75%                  |
| Computed expected tax expense   | 1,33,82,415             | 40,08,347               |
| <b>Effect of:</b>   |                         |                         |
| Depreciation  | (2,88,600)              | (1,50,571)              |
| Disallowance under 43B of Income Tax Act (Net)  | 3,09,311                | 1,82,910                |
| Exempt income   | (49,851)                | (53,469)                |
| Expense disallowed  | 65,803                  | 5,24,868                |
| Provision for doubtful debts  | 0                       | 2,48,514                |
| Bad debts written off earlier disallowed  | (3,04,495)              | (22,41,114)             |
| Others ( Prior year Income tax)   | 2,58,369                | 0                       |
| <b>Income tax expense recognised in the profit or loss</b>  | <b>1,33,72,952</b>      | <b>25,19,485</b>        |
| <b>Deferred Tax:</b>  |                         |                         |
| Relating to the origination and reversal of temporary differences (see below)   | 2,46,358                | 19,24,214               |
| <b>Tax expense reported in the Statement of Profit and Loss</b>   | <b>1,36,19,310</b>      | <b>44,43,699</b>        |

**Deferred tax**

| Particulars                                     | As at March 31,<br>2019 | As at March 31,<br>2018 |
|---|-------------------------|-------------------------|
| <b>Opening balance</b>                          | <b>(34,56,942)</b>      | <b>(46,67,346)</b>      |
| MAT Credit Entitlement                          | 2,76,581                | (6,11,988)              |
| MAT credit adjustment                           | 1,76,554                |                         |
| <b>Recognised in Profit or loss</b>             |                         |                         |
| Property, plant and equipment                   | 2,51,174                | (11,979)                |
| Last year diff in deferred tax                  | 0                       |                         |
| Provision for doubtful debts                    | 3,04,495                | 21,31,889               |
| Section 43B disallowance                        | (3,09,311)              | (1,95,696)              |
|   | <b>2,46,358</b>         | <b>19,24,214</b>        |
| <b>Recognised in Other Comprehensive Income</b> |                         |                         |
| Defined benefit obligation                      | (44,978)                | (1,01,822)              |
| <b>Closing balance</b>                          | <b>(28,02,427)</b>      | <b>(34,56,942)</b>      |

*Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019*

**21 Segment information**

The Managing Director of the company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, Operating Segments. The CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by industry classes. Accordingly, segment information has been presented.

The Chief Operating Decision Maker (CODM) of the company examines the performance from the perspective of company as a whole viz. 'Software business' and hence there are no separate reportable segments as per Ind AS 108.

Geographic information is based on business sources from that geographic region. Accordingly the geographical secondary segments are determined as "North America" and "Rest of the World".

Income and direct expenses in relation to segments are categorized based on items that are individually identifiable to that segment, while the remainder of costs are apportioned on an appropriate basis. Certain expenses are not specifically allocable to individual segments as the underlying services are used interchangeably. The management therefore believes that it is not practicable to provide segment disclosures relating to such expenses and accordingly such expenses are separately disclosed as "unallocated" and directly charged against total income.

**Geographical Segment**

Amount in Rs.

| Particulars   | As at March 31,<br>2019 | As at March 31,<br>2018 |
|---|-------------------------|-------------------------|
| <b>Segment Revenue</b>  |                         |                         |
| Net Sales/Income  |                         |                         |
| a. North America  | 15,95,01,238            | 10,72,22,931            |
| b. Rest of the World  | 4,40,22,817             | 3,53,58,100             |
| <b>Total</b>  | <b>20,35,24,055</b>     | <b>14,25,81,031</b>     |
| Less: Inter-Segment revenue                                     | 0                       | 0                       |
| <b>Net Sales/ Income from operations</b>                        | <b>20,35,24,055</b>     | <b>14,25,81,031</b>     |
| <b>Segment Results</b>  |                         |                         |
| Profit(+) / Loss(-)   |                         |                         |
| a. North America  | 3,65,61,196             | 92,24,895               |
| b. Rest of the World  | 93,47,421               | 26,92,089               |
| <b>Total</b>  | <b>4,59,08,617</b>      | <b>1,19,16,984</b>      |
| Less: Finance costs   | 52,078                  | 16,806                  |
| Add /Less: Other unallocable Income net of unallocable expenses | 22,47,037               | 36,66,219               |
| <b>Total Profit/Loss before Tax</b>                             | <b>4,81,03,576</b>      | <b>1,55,66,397</b>      |
| <b>Segment Assets</b>   |                         |                         |
| a. North America  | 13,13,59,824            | 9,90,67,344             |
| b. Rest of the World  | 2,64,06,704             | 1,96,20,650             |
| c. Unallocated  | 0                       | 0                       |
| <b>Total</b>  | <b>15,77,66,528</b>     | <b>11,86,87,994</b>     |
| <b>Segment Liabilities</b>                                      |                         |                         |
| a. North America  | 2,22,40,019             | 1,55,68,305             |
| b. Rest of the World  | 62,72,826               | 51,89,435               |
| c. Unallocated  | 0                       | 0                       |
| <b>Total</b>  | <b>2,85,12,845</b>      | <b>2,07,57,740</b>      |
| Capital Expenditure   | 1,49,99,293             | 37,72,823               |
| Depreciation  | 34,03,283               | 28,14,448               |

**Note:**

There are one customer and two customers who contribute 10% or more to the company's revenue for both 2018-19 and 2017-18 respectively.



*Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019*
**22 Earnings per share (EPS)**

Amount in Rs

| Particulars  | As at March 31,<br>2019 | As at March 31,<br>2018 |
|--|-------------------------|-------------------------|
| Profit after tax   | 3,44,84,266             | 1,11,22,699             |
| <b>Profit attributable to ordinary shareholders - for Basic and Diluted EPS</b>                | <b>3,44,84,266</b>      | <b>1,11,22,699</b>      |
| Weighted Average number of Equity Shares used as denominator for calculating Basic EPS         | 50,50,200               | 50,50,200               |
| Weighted average number of equity shares used in the calculation of diluted earnings per share | 50,50,200               | 50,50,200               |
| Earnings per share of Rs. 10/- each  |                         |                         |
| <b>- Basic (in Rs.)</b>  | <b>6.83</b>             | <b>2.20</b>             |
| <b>- Diluted (in Rs.)</b>  | <b>6.83</b>             | <b>2.20</b>             |

**23 Contingent liabilities and commitments**
**A. Contingent liabilities**

- i) No provision has been made on a claim for gratuity amounting to Rs.8,82,000 preferred by a former director of the company filed before the Asst Commissioner of labour. The company has disputed the claim and the case is pending.
- ii) No provision has been made on a claim for gratuity amounting to Rs.7,05,000 preferred by a former employee of the company before the Asst Commissioner of Labour. The Company has disputed the claim and the case is pending.
- iii) No provision has been made on a claim for non-payment of fixed deposit amounting to Rs.10,55,691 by 6 complainants before the High Court, the company has disputed the claim and the case is pending.
- iv) The Regional Provident Fund commissioner passed an order on 29.11.16 directing the company to enroll the Home based worker and trainees in EPF . The said order has not quantified the demand . The Company had appealed against the order passed by Regional Provident Fund Commissioner before the Employees Provident Fund Appellate Tribunal and obtained a stay against the order passed by PF Commissioner on 20.12.2016.
- v) The Registrar of Companies, Coimbatore has filed cases against the company with the Additional Sessions Judge, Coimbatore pursuant to an inspection carried out in 2012. The cases pertain to procedural matters under Companies Act, 1956, the impact of which is not quantified in the cases. The company is advised by counsel that the cases are not tenable on grounds of limitation.

**B. Commitments**

| Particulars  | As at March 31,<br>2019 | As at March 31,<br>2018 |
|--|-------------------------|-------------------------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for | -                       | -                       |

*Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019*

**24 Employee benefit plans**
**(a) Defined Contribution Plan**

The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs towards the benefits. The Company has recognised Rs.44,72,421 (for the year ended March 31, 2018: Rs. 40,34,060) as contribution to Provident Fund, and Rs. 4,17,273 (for the year ended March 31, 2018 Rs. 3,72,784) as payment under Employee State Insurance Scheme in the Statement of Profit and Loss. These contributions have been made at the rates specified in the rules of the respective schemes and has been recognised in the Statement of Profit and Loss under the head Employee Benefits Expense.

**(b) Defined Benefit Plans:**
**Gratuity**

The Company has partly funded its gratuity obligations. The following table sets out the status of the defined benefit schemes and the amount recognised in the financial statements as per the Actuarial Valuation done by an Independent Actuary:

**Reconciliation of opening and closing balances of Defined Benefit Obligation**

Amount in Rs.

| Particulars   | As at March 31,<br>2019 | As at March 31,<br>2018 |
|---|-------------------------|-------------------------|
| Defined Benefit Obligation at beginning of the year | 60,79,389               | 45,11,374               |
| Current service cost                                | 14,74,569               | 11,04,666               |
| Interest cost                                       | 4,60,210                | 3,18,176                |
| Actuarial (Gain) / Loss                             | 1,17,482                | 3,54,207                |
| Benefits paid                                       | 0                       | (2,09,034)              |
| <b>Defined Benefit Obligation at year end</b>       | <b>81,31,650</b>        | <b>60,79,389</b>        |

**Reconciliation of opening and closing balances of fair value of Plan Assets**

| Particulars                                    | As at March 31,<br>2019 | As at March 31,<br>2018 |
|--|-------------------------|-------------------------|
| Fair value of Plan Assets at beginning of year | 26,45,148               | 21,82,884               |
| Employer contributions                         | 6,00,000                | 5,44,302                |
| Expected Return on Plan Assets                 | 2,22,948                | 1,68,213                |
| Actuarial Gain / (Loss)                        | (44,193)                | (41,217)                |
| Benefits paid                                  | 0                       | (209,034)               |
| <b>Fair value of Plan Assets at year end</b>   | <b>34,23,903</b>        | <b>26,45,148</b>        |

**Amount recognised in the Balance Sheet**

| Particulars                               | As at March 31,<br>2019 | As at March 31,<br>2018 |
|---|-------------------------|-------------------------|
| Defined Benefit Obligation at year end    | 81,31,650               | 60,79,389               |
| Fair value of Plan Assets at year end     | 34,23,903               | 26,45,148               |
| <b>Net Liability / (Asset) recognised</b> | <b>47,07,747</b>        | <b>34,34,241</b>        |

*Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019*

**Expenses recognised during the year**

Amount in Rs.

| Particulars   | As at March 31,<br>2019 | As at March 31,<br>2018 |
|---|-------------------------|-------------------------|
| <b>In Income Statement</b>                                    |                         |                         |
| Current service cost  | 14,74,569               | 11,04,666               |
| Interest on net defined benefit liability/ (asset)            | 4,60,210                | 3,18,176                |
| Expected Return on Plan Assets                                | (2,22,948)              | (1,68,213)              |
| <b>Net Cost</b>   | <b>17,11,831</b>        | <b>12,54,629</b>        |
| <b>In Other Comprehensive Income</b>                          |                         |                         |
| Actuarial (Gain) / Loss                                       | 1,61,675                | 3,95,424                |
| <b>Net (Income)/ Expense For the period Recognised in OCI</b> | <b>1,61,675</b>         | <b>3,95,424</b>         |

The current service cost and the net interest expense for the year are included in the 'Employee benefits expense' line item in the Statement of Profit and Loss.

The remeasurement of the net defined liability is included in other comprehensive income.

**Actuarial assumptions**

| Particulars                                   | As at March 31,<br>2019 | As at March 31,<br>2018 |
|---|-------------------------|-------------------------|
| Discount Rate (per annum)                     | 7.57%                   | 7.22%                   |
| Expected Return on Planned Assets (per annum) | 7.57%                   | 7.22%                   |
| Rate of escalation in Salary (per annum)      | 10.00%                  | 9.00%                   |
| Attrition rate (per annum)                    | 20.00%                  | 20.00%                  |

The retirement age of employees of the Company is 58 years.

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary. The mortality rates considered are as per the published rates in the Indian Assured Lives Mortality (2006-08) Ultimate table.

**Sensitivity analysis**

The key actuarial assumptions to which the defined benefit plans are particularly sensitive to are discount rate and full salary escalation rate. The sensitivity analysis below, have been determined based on reasonably possible changes of the assumptions occurring at end of the reporting period, while holding all other assumptions constant. The result of Sensitivity analysis is given below:

Amount in Rs.

| Particulars  | Discount Rate | Salary escalation<br>Rate |
|--|---------------|---------------------------|
| <b>As at March 31, 2019</b>                          |               |                           |
| Defined benefit obligation on plus 100 basis points  | 75,89,674     | 86,98,060                 |
| Defined benefit obligation on minus 100 basis points | 87,36,231     | 76,13,464                 |
| <b>As at March 31, 2018</b>                          |               |                           |
| Defined benefit obligation on plus 100 basis points  | 63,50,485     | 63,09,736                 |
| Defined benefit obligation on minus 100 basis points | 58,30,481     | 58,63,232                 |

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

*Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019*

**Maturity profile of defined benefit obligation**

Amount in Rs.

| Particulars                            | As at March 31,<br>2019 | As at March 31,<br>2018 |
|--|-------------------------|-------------------------|
| <b>Expected total benefit payments</b> |                         |                         |
| Within 1 year                          | 4,50,291                | 8,50,793                |
| 1 year to 2 years                      | 4,16,081                | 6,90,562                |
| 2 years to 3 years                     | 3,24,409                | 5,77,109                |
| 3 years to 4 years                     | 2,71,110                | 4,73,383                |
| 4 years to 5 years                     | 17,45,985               | 3,68,201                |
| 5 years to 10 years                    | 49,23,774               | 31,19,340               |

As at March 31, 2019, March 31, 2018 and April 1, 2017, 100% of the plan assets were invested in insurer managed funds.

The Company has established an irrevocable trust fund to which it regularly contributes to finance liabilities of the plan. The fund's investments are managed by certain insurance companies as per the mandate provided to them by the trustees and the asset allocation is within the permissible limits prescribed in the insurance regulations.

The employee benefit obligations expose the Company to actuarial risks such as: longevity risk and salary risk.

**Longevity Risk:** The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the participants during their employment. An increase in the life expectancy of the participants will increase the obligation.

**Salary risk:** The present value of the defined benefit obligation is calculated by reference to the future salaries of the participants. As such, an increase in the salary of the participants will increase the obligation.

**Note 25 - Related party disclosures**

List of related parties where control exists and also related parties with whom transactions have taken place and relationships

| <b>Names of the related parties</b>   | <b>Relationship</b>      |
|---|--------------------------|
| Mr.C.Ganapathy - Executive Chairman   | Key Managerial Personne  |
| Mr.G Suresh - Managing Director & CEO   | Key Managerial Personnel |
| Mrs.S.Latha - Non-Executive Women Director  | Key Managerial Personnel |
| Mr,P.S.Subramanian - Chief Financial Officer  | Key Managerial Personnel |
| Mr.Govind M Joshi - Company Secretary & Compliance Officer - w.e.f 18.12.2018           | Key Managerial Personnel |
| Mr.Harcharan J - Ceased to be a Company Secretary & Compliance Officer - w.e.f 18.12.18 | Key Managerial Personnel |
| CG-VAK Software USA Inc   | Wholly owned subsidiary  |

Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019

Transactions with related parties during the year are set out in the table below

Amount in Rs.

| Nature of Transaction   | As at March 31,<br>2019     |
|---|-----------------------------|
| <b><u>Remuneration and perquisites paid</u></b>   | <b>1,14,44,066</b>          |
|   | <b><u>(1,06,52,234)</u></b> |
| Mr.C.Ganapathy - Executive Chairman   | 13,30,666                   |
|   | (12,91,066)                 |
| Mr.G Suresh - Managing Director & CEO   | 83,88,940                   |
|   | (78,49,340)                 |
| Mr,P.S.Subramanian - Chief Financial Officer  | 9,50,431                    |
|   | (8,51,244)                  |
| Mr.Govind M Joshi - Company Secretary & Compliance Officer - w.e.f 18.12.2018           | 2,27,472                    |
|   | 0                           |
| Mr.Harcharan J - Ceased to be a Company Secretary & Compliance Officer - w.e.f 18.12.18 | 5,46,557                    |
|   | (6,60,584)                  |
| <b><u>Rent</u></b>  | <b>31,20,612</b>            |
|   | <b><u>(19,32,612)</u></b>   |
| Mrs.S.Latha - Non-Executive Women Director  | 31,20,612                   |
|   | (19,32,612)                 |
| <b><u>Income from service rendered</u></b>  | <b>41,39,223</b>            |
|   | <b><u>(45,01,234)</u></b>   |
| CG-VAK Software USA Inc   | 41,39,223                   |
|   | (45,01,234)                 |
| <b><u>Balances outstanding as at the year end</u></b>                                   |                             |
| <b><u>Receivable</u></b>  | <b>7,55,951</b>             |
|   | <b><u>(4,00,296)</u></b>    |
| CG-VAK Software USA Inc   | 7,55,951                    |
|   | (4,00,296)                  |
| <b><u>Rent Deposit</u></b>  | <b>50,60,000</b>            |
|   | <b><u>(50,60,000)</u></b>   |
| Mrs.S.Latha - Non-Executive Women Director  | 50,60,000                   |
|   | (50,60,000)                 |

\*Previous year figures are given in brackets

The remuneration of directors and other members of key managerial personnel during the year was as follows:

| Particulars                  | As at March 31,<br>2019 | As at March 31,<br>2018 |
|------------------------------|-------------------------|-------------------------|
| Short-term employee benefits | 1,13,53,192             | 1,05,65,834             |
| Post-employment benefits     | 90,874                  | 86,400                  |

*Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019*

**26. Financial instruments**
**26.1 Capital management**

The Company's management objectives are:

- to ensure the Company's ability to continue as a going concern
- to create value for shareholders by facilitating the meeting of long term and short term goals of the Company.

The Company determines the amount of capital required on the basis of annual business plan coupled with long term and short term expansion plans. The funding needs are met through equity, cash generated from operations, long term and short term bank borrowings and preference share capital.

The Company monitors the capital structure on the basis of net debt to equity ratio and maturity profile of the overall debt portfolio of the Company. Net debt includes interest bearing instruments less cash and cash equivalents and other bank balances (including non-current earmarked balances)

The table below summarises the capital, net debt and net debt to equity ratio (Gearing ratio) of the Company

| Particulars          | As at March 31, 2019 | As at March 31, 2018 |
|----------------------|----------------------|----------------------|
| Net Debts            | -                    | -                    |
| Total Equity         | 12,92,53,684         | 9,79,30,254          |
| <b>Gearing ratio</b> | -                    | -                    |

**26.2 Categories of Financial Instruments**

This section gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contain financial instruments. The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, and financial liability are disclosed in Note 2(xv) of Significant Accounting Policies.

**A. Financial assets and liabilities**

The accounting classification of each category of financial instruments, and their carrying amounts, are set out below:

| Particulars  | As at March 31, 2019 |                    | As at March 31, 2018 |                    |
|--|----------------------|--------------------|----------------------|--------------------|
|  | Carrying Value       | Fair Value         | Carrying Value       | Fair Value         |
| <b>Financial assets</b>                            |                      |                    |                      |                    |
| <u>Measured at amortised cost</u>                  |                      |                    |                      |                    |
| Others financial assets - non current              | 3,35,397             | 3,35,397           | 3,06,609             | 3,06,609           |
| Trade receivables                                  | 1,56,03,218          | 1,56,03,218        | 1,03,26,464          | 1,03,26,464        |
| Cash and cash equivalents                          | 1,68,85,900          | 1,68,85,900        | 1,15,17,055          | 1,15,17,055        |
| Bank balances other than cash and cash equivalents | 3,17,25,984          | 3,17,25,984        | 2,95,73,777          | 2,95,73,777        |
| Other financial assets - current                   | 69,04,011            | 69,04,011          | 22,42,552            | 22,42,552          |
| <b>Total financial assets (a + b)</b>              | <b>7,14,54,510</b>   | <b>7,14,54,510</b> | <b>5,39,66,457</b>   | <b>5,39,66,457</b> |
| <b>Financial liabilities</b>                       |                      |                    |                      |                    |
| <u>Measured at amortised cost</u>                  |                      |                    |                      |                    |
| Borrowings   | 99,76,415            | 99,76,415          | 0                    | 0                  |
| Trade payables                                     | 11,54,314            | 11,54,314          | 6,69,113             | 6,69,113           |
| Other financial liabilities - current              | -                    | -                  | -                    | -                  |
| <b>Total financial liabilities (a + b)</b>         | <b>1,11,30,729</b>   | <b>1,11,30,729</b> | <b>6,69,113</b>      | <b>6,69,113</b>    |

*Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019*

The management has assessed that the fair values of cash and cash equivalents, bank balances, trade receivables, other financial assets, trade payables and other financial liabilities recorded at amortised cost is considered to be a reasonable approximation of fair value.

The following methods and assumptions are used to estimate the fair values:

Fair values of the Company's interest-bearing borrowings are determined by using Effective Interest Rate (EIR) method. The own non-performance risk as at March 31, 2019 was assessed to be insignificant.

**B. Fair value hierarchy**

The Company uses the following hierarchy for determining and/or disclosing the fair value of financial instruments by valuation techniques. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

**Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

**Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**26.3 - Financial risk management objective**

The Company's activities expose it to certain / reasonable financial risks. The Company's primary focus is to foresee the unpredictability of such risks and seek to minimize potential adverse effects on its financial performance.

The Company has a risk management process and framework in place. This process is coordinated by the Board, which meets regularly to review risks as well as the progress against the planned actions. The Board seeks to identify, evaluate business risks and challenges across the Company through such framework. These risks include market risks, credit risk and liquidity risk.

The risk management process aims to:

- improve financial risk awareness and risk transparency- identify, control and monitor key risks
- identify risk accumulations- provide management with reliable information on the Company's risk situation
- improve financial returns

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements:

| <b>Risk</b>                    | <b>Exposure arising from</b>  | <b>Risk Management</b>  |
|--------------------------------|---|---|
| Market risk - foreign exchange | Recognised financial assets and liabilities not denominated in Indian rupee (Rs.) | Periodic review by management                                     |
| Market risk - interest rate    | Borrowings at variable rates  | Mix of borrowings taken at fixed and floating rates               |
| Credit risk                    | Cash and cash equivalents, trade receivables and other financial assets           | Bank deposits, diversification of asset base, credit limits, etc. |
| Liquidity risk                 | Borrowings and other liabilities  | Availability of committed credit and borrowing facilities         |

*Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019*

**Market risk - Foreign exchange**

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to US Dollar. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the Company's functional currency. Exposures to foreign currency balances are periodically reviewed to ensure that the results from fluctuating currency exchange rates are appropriately managed. Hence the risk on account of foreign exchange is very minimal.

The Company does not have any derivatives financial instruments either for hedging or for speculation purpose.

The details of foreign currency exposures that are not hedged by any derivative instrument or otherwise are:

| Particulars       | Foreign       | Amount in FC |            | Equivalent Rs. in Lakhs |            |
|-------------------|---------------|--------------|------------|-------------------------|------------|
|                   | Currency (FC) | 31.03.2019   | 31.03.2018 | 31.03.2019              | 31.03.2018 |
| Trade Receivables | USD           | -            | -          | -                       | -          |
|                   | CAD           | 17,562       | 1,965      | 8,93,906                | 96,973     |
|                   | GBP           | 7,034        | 9,018      | 6,33,060                | 8,05,307   |
|                   | EUR           | 2,856        | -          | 2,20,055                | -          |
|                   | AUD           | -            | -          | -                       | -          |

Foreign currency sensitivity analysis

The following information details the Company's sensitivity to a 5% increase and decrease in the ₹ against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit where the ₹ strengthens 5% against the relevant currency will increase the profit and equity by Rs. 87,351 (Previous year Rs. 45,114). For a 5% weakening of the ₹ against the relevant currency, there would be an equal and opposite impact on profit and equity.

**Market risk - Interest rate**
**(i) Liabilities:**

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. At March 31, 2018, the Company is exposed to changes in market interest rates through bank borrowings at variable interest rates. Below is the overall exposure of the Company to interest rate risk:

| Particulars                        | As at March 31, 2019 | As at March 31, 2018 |
|------------------------------------|----------------------|----------------------|
| Variable rate borrowing from Banks | 99,76,415            | -                    |
| Fixed rate borrowing               | -                    | -                    |
| - Banks                            | -                    | -                    |
| - Others                           | -                    | -                    |
| <b>Total borrowings</b>            | <b>99,76,415</b>     | <b>-</b>             |



*Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019*

Interest rate sensitivity analysis:

For non derivative instruments there is no change in the floating rate borrowings during the year. Hence there is no impact in the Company's profit for the year ended March 31, 2019 (year ended March 31, 2018 Nil).

**(ii) Assets:**

The Company's financial assets are carried at amortised cost and are at fixed rate only. They are, therefore, not subject to interest rate risk since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

**Credit Risk**

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or pay amounts due to the Company causing financial loss. It arises from cash and cash equivalents, deposits with banks, security deposits, loans given and principally from credit exposures to customers relating to outstanding receivables. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at reporting date.

In respect of trade and other receivables, the Company is not exposed to any significant credit risk exposure to any single counterparty or any company of counterparties having similar characteristics. The Company has very limited history of customer default, and considers the credit quality of trade receivables, that are not past due or impaired, to be good.

Therefore, the Company does not expect any material risk on account of non performance by any of the Company's counterparties. The credit risk for cash and cash equivalents, bank deposits, security deposits and loans is considered negligible, since the counterparties are reputable organisations.

**Liquidity risk**

The Company requires funds both for short-term operational needs as well as for long-term expansion programmes. The Company remains committed to maintaining a healthy liquidity ratio, deleveraging and strengthening the balance sheet. The Company manages liquidity risk by maintaining adequate support of facilities and by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

The Company's Finance department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management.

The Company's financial liability is represented significantly by long term and short term borrowings from banks and trade payables. The maturity profile of the Company's short term and long term borrowings and trade payables based on the remaining period from the date of balance sheet to the contractual maturity date is given in the table below. The figures reflect the contractual undiscounted cash obligation of the Company.

*Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019*

| March 31, 2019              | Less than 1 year   | 1-3 year | More than 3 year | Total              |
|-----------------------------|--------------------|----------|------------------|--------------------|
| Borrowings                  | 99,76,415          | 0        | 0                | 99,76,415          |
| Trade payable               | 11,54,314          | 0        | 0                | 11,54,314          |
| Other financial liabilities | 0                  | 0        | 0                | 0                  |
| <b>Total</b>                | <b>1,11,30,729</b> | <b>0</b> | <b>0</b>         | <b>1,11,30,729</b> |
| <b>March 31, 2018</b>       |                    |          |                  |                    |
| Borrowings                  | 0                  |          |                  | 0                  |
| Trade payable               | 6,69,113           | 0        | 0                | 6,69,113           |
| Other financial liabilities | 0                  | 0        | 0                | 0                  |
| <b>Total</b>                | <b>6,69,113</b>    | <b>0</b> | <b>0</b>         | <b>6,69,113</b>    |
| <b>April 1, 2017</b>        |                    |          |                  |                    |
| Borrowings                  | 0                  | 0        | 0                | 0                  |
| Trade payable               | 5,27,919           | 0        | 0                | 5,27,919           |
| Other financial liabilities | 1,89,435           | 0        | 0                | 1,89,435           |
| <b>Total</b>                | <b>7,17,354</b>    | <b>0</b> | <b>0</b>         | <b>7,17,354</b>    |

## 27 Additional Information to the Financial Statements

### 27.1 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

| Particulars   | 31 March, 2019<br>Amount in Rs. | 31 March, 2018<br>Amount in Rs. |
|---|---------------------------------|---------------------------------|
| (I) Principal amount remaining unpaid to MSME suppliers as at the end of each accounting year                               | 30,627                          | 85,578                          |
| (ii) Interest due on unpaid principal amount to MSME suppliers as at the end of each accounting year                        | -                               | -                               |
| (iii) The amount of interest paid along with the amounts of the payment made to the MSME suppliers beyond the appointed day | -                               | -                               |
| (iv) The amount of interest due and payable for the year (without adding the interest under MSME Development Act)           | -                               | -                               |
| (v) The amount of interest accrued and remaining unpaid as on   | -                               | -                               |
| (vi) The amount of interest due and payable to be disallowed under Income Tax Act, 1961                                     | -                               | -                               |

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information received and available with the Company. This has been relied upon by the auditors.

### 27.2 Disclosure as per Clause 32 of the Listing Agreements with the Stock Exchanges

The Company has not given any loans and advances in the nature of loans to subsidiaries, associates, firms / companies in which directors are interested.

|  |                                 |                                 |
|--|---------------------------------|---------------------------------|
| <b>27.3 Expenditure in foreign currency on account of:</b> | 31 March, 2019<br>Amount in Rs. | 31 March, 2018<br>Amount in Rs. |
| Travel   | 8,81,295                        | 4,08,978                        |
| Other administrative expenses                              | 4,50,726                        | 4,43,544                        |
|  | <b>13,32,021</b>                | <b>8,52,522</b>                 |
| <b>27.4 Earnings in foreign exchange</b>                   | 31 March, 2019<br>Amount in Rs. | 31 March, 2018<br>Amount in Rs. |
| Export of goods calculated on FOB basis                    | 20,35,24,055                    | 14,25,81,031                    |

**27.5 Dividend**

In respect of the current year, the directors propose that a dividend of Rs.0.75 per share be paid on equity shares on or before 22nd October 2019. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The proposed equity dividend is payable to all shareholders on the Register of Members on 23rd September 2019. The total estimated equity dividend to be paid is Rs.37,87,650. The payment of this dividend is estimated to result in payment of dividend tax of Rs.7,78,741 @ 20.56% on the amount of dividends grossed up for the related dividend distribution tax.

- 28** The financial statements of CG-VAK Software and Exports Limited were approved by the Board of Directors and authorised for issue on May 24, 2019.

For and on Behalf of the Board of Directors

G.Suresh  
**Managing Director**  
DIN : 00600906

C.Ganapathy  
**Executive Chairman**  
DIN : 00735840

Place : Coimbatore  
Date : 24<sup>th</sup> May, 2019

P.S. Subramanian  
**Chief Financial Officer**

Govind M Joshi  
**Company Secretary**

In terms of our report attached

For **M/s. N.C.Rajan & Co**  
Chartered Accountants  
Firm Regn.No.003426S

V.Gopalakrishnan  
Partner  
Membership No.202480

**INDEPENDENT AUDITOR'S REPORT****To the Members of CG-VAK Software and Exports Limited****Report on the Consolidated Financial Statements****Opinion**

We have audited the Consolidated Ind-AS Financial Statements of CG-VAK Software and Exports Limited ("hereinafter referred to as the Holding Company") and its subsidiary CG-VAK Software USA, Inc., (the holding and its subsidiary company collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31st March 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian

Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2019, the consolidated Profit and consolidated Total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of Matters**

We draw attention to the following matters in the Notes forming part of the consolidated financial statements :

- a. Note Nos .23-A (i) and 23-A (ii) to the consolidated financial statements regarding non provision of gratuity which describes the uncertainty relating to the outcome of the law suits filed against the Holding Company by a former director and his relatives.
- b. Note No.23-A (iii) to the consolidated financial statement regarding the claim on non- payment of fixed deposit by the Holding Company before the Madras High Court which describes the uncertainty relating to the outcome of the law suits filed against the Holding Company by a former director and his relatives.
- c. Note No.23-A (v) to the consolidated financial statements regarding cases filed by the Registrar of Companies, Coimbatore against the Holding Company with the Additional Sessions Judge, Coimbatore, pursuant to inspection carried out in 2012.

Our opinion is not modified in respect of these matters.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have no key audit matters to communicate in our report.

**Other information**

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the Financial Statements and our auditor's report thereon.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Management's Responsibility for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Consolidated Financial Statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Ind-AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management and Board of Directors of the Group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Group's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Group has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these

matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Other matters**

We did not audit the financials of the wholly owned subsidiary, CG-VAK Software USA Inc. We have relied on the unaudited financial statement of the said subsidiary whose financial statements reflect total assets of Rs.1,252.46 lakhs as at 31st March 2019 and total revenues of Rs.1,653.85 lakhs and net profit after tax amounting to Rs.11.95 lacs for the year ended on that date. These financial statements have been approved by the Board of Directors of the subsidiary company, certified by the Management, compiled by other Auditors whose reports have been furnished to us and our report so far as it relates to the amounts included in respect of this subsidiary is based solely on such approved unaudited financial statements.

Our opinion is not modified in respect of these matters.

**Report on Other Legal and Regulatory Requirements**

1. As required by Section 143 of the Companies Act, 2013, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Group so far as it appears from our examination of those books.
  - c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid Consolidated Financial Statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of the written representations received from the Directors of the Holding Company as on 31st March, 2019 taken on record by the Board of Directors of the Holding Company, none of the Directors of the Group is disqualified as on 31st March, 2019 from being appointed as a Director in terms of Section 164(2) of the Act.
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in Annexure "A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Group's internal financial controls over financial reporting.
2. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - I. The Group has disclosed the impact of pending litigations as at 31st March 2019 on its financial position in the Consolidated Financial Statements – Refer note 23
  - ii. The Group did not have any material long-term contracts including derivative contracts for which there were any material foreseeable losses during the year ended 31st March, 2019.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company.
3. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company to its Directors during the year is in accordance with the provisions of Section 197 of the Act and is within the limit specified under the said Section.

For **M/s. N.C.Rajan & Co**  
Chartered Accountants  
Regn.No.003426S

**V.Gopalakrishnan**  
Partner  
M.No.202480

Place : Coimbatore  
Date : 24<sup>th</sup> May, 2019

**ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT****(Referred to in Paragraph 1(A)(f) of Report on Other Legal and Regulatory Requirements)****Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub- Section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of CG-VAK Software and Exports Limited (“the Group”) as of March 31, 2019 in conjunction with our audit of the Consolidated Financial Statements of the Group for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

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

**Auditor’s Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk.

The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

**Meaning of Internal Financial Controls Over Financial Reporting**

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

A Company’s internal financial control over financial reporting includes those policies and procedures that

- i. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- ii. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and Directors of the Company; and
- iii. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Holding Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **M/s. N.C.Rajan & Co**  
Chartered Accountants  
Regn.No.003426S

**V.Gopalakrishnan**  
Partner  
M.No.202480

Place : Coimbatore  
Date : 24<sup>th</sup> May, 2019

**BALANCE SHEET AS AT 31ST MARCH 2019(CONSOLIDATED)**

| Particulars   | Note No | 31-Mar-2019<br>₹    | 31-Mar-2018<br>₹    |
|---|---------|---------------------|---------------------|
| <b>ASSETS</b>   |         |                     |                     |
| <b>1 Non-current assets</b>                                 |         |                     |                     |
| (a) Property, plant and equipment                           | 3       | 2,78,87,857         | 1,64,63,959         |
| (b) Intangible assets                                       | 3       | 21,36,706           | 21,97,001           |
| <b>Non-current financial assets</b>                         |         |                     |                     |
| (c) Financial assets  |         |                     |                     |
| (i) Investments   | 4       | 25,00,000           | 25,00,000           |
| (ii) Other financial assets                                 | 5       | 3,35,397            | 3,06,609            |
| (d) Deferred tax assets (net)                               | 20      | 28,02,427           | 34,56,942           |
| (e) Other non-current assets                                | 6       | 8,35,332            | 9,41,710            |
| <b>Total non - current assets</b>                           |         | <b>3,64,97,719</b>  | <b>2,58,66,221</b>  |
| <b>2 Current assets</b>                                     |         |                     |                     |
| (a) Investments   | 4       | 1,05,00,000         | 25,00,000           |
| (b) Financial assets  |         |                     |                     |
| (i) Trade receivables                                       | 7       | 6,18,12,629         | 4,90,72,174         |
| (ii) Cash and cash equivalents                              | 8       | 7,95,89,728         | 8,10,89,650         |
| (iii) Bank balances other than cash<br>and cash equivalents | 8       | 3,17,25,984         | 2,95,73,777         |
| (iv) Other financial assets                                 | 5       | 73,11,754           | 26,25,240           |
| (c) Current tax assets (net)                                |         | 0                   |                     |
| (d) Other current assets                                    | 6       | 2,17,18,816         | 1,67,62,748         |
| <b>Total Current Assets</b>                                 |         | <b>21,26,58,911</b> | <b>18,16,23,589</b> |
| <b>TOTAL ASSETS</b>   |         | <b>24,91,56,630</b> | <b>20,74,89,810</b> |



**BALANCE SHEET AS AT 31ST MARCH 2019(CONSOLIDATED)**

| Particulars   | Note No | 31-Mar-2019<br>₹    | 31-Mar-2018<br>₹    |
|---|---------|---------------------|---------------------|
| <b>EQUITY AND LIABILITIES</b>   |         |                     |                     |
| <b>Equity</b>   |         |                     |                     |
| (a) Equity share capital  | 9       | 5,05,02,000         | 5,05,02,000         |
| (b) Other equity  | 10      | 16,08,41,532        | 12,12,81,336        |
| <b>Equity attributable to owners of the company</b>   |         | <b>21,13,43,532</b> | <b>17,17,83,336</b> |
| <b>LIABILITIES</b>  |         |                     |                     |
| <b>1 Non-current liabilities</b>  |         |                     |                     |
| (a) Financial liabilities   |         |                     |                     |
| (i) Borrowings  | 11      | 0                   | 0                   |
| <b>Total Non - Current Liabilities</b>  |         | <b>0</b>            | <b>0</b>            |
| <b>2 Current liabilities</b>  |         |                     |                     |
| (a) Financial liabilities   |         |                     |                     |
| (i) Borrowings  | 11      | 99,76,415           | 0                   |
| (ii) Trade payables   | 13      |                     |                     |
| (i) total outstanding dues of micro enterprises and small enterprises                       |         | 30,627              | 85,578              |
| (ii) total outstanding dues of creditors other than micro enterprises and small enterprises |         | 51,54,553           | 67,37,982           |
| (b) Provisions  | 12      | 47,07,747           | 36,00,710           |
| (c) Other current liabilities   | 14      | 1,72,08,938         | 2,41,79,229         |
| (d) Current tax liabilities (net)   |         | 7,34,818            | 11,02,974           |
| <b>Total current liabilities</b>  |         | <b>3,78,13,098</b>  | <b>3,57,06,474</b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b>   |         | <b>24,91,56,630</b> | <b>20,74,89,810</b> |

**See accompanying notes to the financial statements**

1 to 29

For and on Behalf of the Board of Directors

 G.Suresh  
**Managing Director**  
 DIN : 00600906

 C.Ganapathy  
**Executive Chairman**  
 DIN : 00735840

 Place : Coimbatore  
 Date : 24<sup>th</sup> May, 2019

 P.S. Subramanian  
**Chief Financial Officer**

 Govind M Joshi  
**Company Secretary**

In terms of our report attached

 For **M/s. N.C.Rajan & Co**  
 Chartered Accountants  
 Firm Regn.No.003426S

 V.Gopalakrishnan  
 Partner  
 Membership No.202480

**PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019(CONSOLIDATED)**

| Particulars   | Note No | 31-Mar-2019<br>₹    | 31-Mar-2018<br>₹    |
|---|---------|---------------------|---------------------|
| I Revenue from operations   | 15      | 36,25,50,588        | 30,03,60,598        |
| II Other income   | 16      | 44,66,412           | 38,39,801           |
| <b>III Total income (I + II)</b>  |         | <b>36,70,17,000</b> | <b>30,42,00,399</b> |
| <b>IV EXPENSES</b>  |         |                     |                     |
| Employee benefits expense   | 17      | 25,18,23,154        | 21,68,14,635        |
| Finance costs   | 18      | 62,259              | 56,821              |
| Depreciation and amortisation expense   | 3       | 34,60,125           | 28,33,424           |
| Other expenses  | 19      | 6,15,81,905         | 6,50,86,601         |
| <b>Total Expenses (IV)</b>  |         | <b>31,69,27,443</b> | <b>28,47,91,481</b> |
| <b>V Profit Before Tax (III - IV)</b>   |         | <b>5,00,89,557</b>  | <b>1,94,08,918</b>  |
| <b>VI Tax expense</b>   | 20      |                     |                     |
| Current tax   |         | 1,41,63,603         | 41,69,356           |
| Less: MAT Credit entitlement  |         | 0                   | (6,11,988)          |
| Deferred tax  |         | 2,46,358            | 19,24,214           |
| <b>Total tax</b>  |         | <b>1,44,09,961</b>  | <b>54,81,582</b>    |
| <b>VII Profit for the year (V - VI)</b>   |         | <b>3,56,79,596</b>  | <b>1,39,27,336</b>  |
| <b>VIII Other comprehensive income</b>  |         |                     |                     |
| (i) Items that will be reclassified to the statement of profit or loss          |         |                     |                     |
| (ii) Items that will not be reclassified to the statement of profit or loss     |         |                     |                     |
| (a) Remeasurement of employee defined benefit plans                             |         | (1,61,675)          | (3,95,424)          |
| (b) Income tax on (a) above   |         | 44,978              | 1,01,822            |
| <b>IX Total comprehensive income for the year (VII + VIII)</b>                  |         | <b>3,55,62,899</b>  | <b>1,36,33,734</b>  |
| Total comprehensive income for the period attributable to owners of the company |         | <b>3,55,62,899</b>  | <b>1,36,33,734</b>  |
| <b>X Earnings per equity share of Rs. 10/-</b>                                  |         |                     |                     |
| Basic   | 22      | 7.07                | 2.76                |
| Diluted   | 22      | 7.07                | 2.76                |

See accompanying notes to the financial statements 1 to 29

For and on Behalf of the Board of Directors

G.Suresh  
**Managing Director**  
DIN : 00600906

C.Ganapathy  
**Executive Chairman**  
DIN : 00735840

P.S. Subramanian  
**Chief Financial Officer**

Govind M Joshi  
**Company Secretary**

In terms of our report attached

For **M/s. N.C.Rajan & Co**  
Chartered Accountants  
Firm Regn.No.003426S

V.Gopalakrishnan  
Partner  
Membership No.202480

Place : Coimbatore  
Date : 24<sup>th</sup> May, 2019

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019**
**a. Equity share capital**

Amount in Rs.

|   |                    |
|---|--------------------|
| Balance as at April 1, 2016                     | 5,05,02,000        |
| Changes in equity share capital during the year | 0                  |
| <b>Balance as at March 31, 2017</b>             | <b>5,05,02,000</b> |
| Changes in equity share capital during the year | 0                  |
| <b>Balance as at March 31, 2018</b>             | <b>5,05,02,000</b> |

**b. Other Equity**

Amount in Rs.

| Particulars  | Reserves & Surplus |                  |                     |                     | Other Comprehensive Income     | Total other equity  |
|--|--------------------|------------------|---------------------|---------------------|--------------------------------|---------------------|
|  | General Reserve    | Forfeited Shares | Retained earnings   | Translation reserve | Employees defined benefit plan |                     |
| <b>Balance as at April 1, 2017</b>                     | <b>1,10,00,000</b> | <b>41,700</b>    | <b>7,01,89,207</b>  | <b>3,03,13,138</b>  | <b>(2,80,170)</b>              | <b>11,12,63,875</b> |
| <b>Dividend and tax thereon</b>                        | <b>0</b>           | <b>0</b>         | <b>(30,39,299)</b>  |                     |                                | <b>(30,39,299)</b>  |
| Profit for the year (net of taxes)                     | 0                  | 0                | 1,39,27,336         |                     | 0                              | 1,39,27,336         |
| Translation reserve for the year                       |                    |                  |                     | (5,76,975)          |                                | (576,975)           |
| Other Comprehensive Income for the year (net of taxes) | 0                  | 0                | 0                   |                     | (2,93,602)                     | (2,93,602)          |
| <b>Total Comprehensive income for the year</b>         | <b>0</b>           |                  | <b>1,39,27,336</b>  | <b>(5,76,975)</b>   | <b>(2,93,602)</b>              | <b>1,30,56,760</b>  |
| <b>Balance as at March 31, 2018</b>                    | <b>1,10,00,000</b> | <b>41,700</b>    | <b>8,10,77,244</b>  | <b>2,97,36,163</b>  | <b>(5,73,772)</b>              | <b>12,12,81,336</b> |
| <b>Dividend and tax thereon</b>                        | <b>0</b>           |                  | <b>(30,44,139)</b>  |                     |                                | <b>(30,44,139)</b>  |
| Profit for the year (net of taxes)                     | 0                  |                  | 3,56,79,596         |                     |                                | 3,56,79,596         |
| Translation reserve for the year                       |                    |                  |                     | 70,41,437           |                                | 70,41,437           |
| Other Comprehensive Income for the year (net of taxes) | 0                  |                  |                     |                     | (1,16,697)                     | (1,16,697)          |
| <b>Total Comprehensive income for the year</b>         | <b>0</b>           |                  | <b>3,56,79,596</b>  | <b>70,41,437</b>    | <b>(1,16,697)</b>              | <b>4,26,04,336</b>  |
| <b>Balance as at March 31, 2019</b>                    | <b>1,10,00,000</b> | <b>41,700</b>    | <b>11,37,12,701</b> | <b>3,67,77,600</b>  | <b>(6,90,469)</b>              | <b>16,08,41,532</b> |

For and on Behalf of the Board of Directors

In terms of our report attached

 G.Suresh  
**Managing Director**  
 DIN : 00600906

 P.S. Subramanian  
**Chief Financial Officer**

 For **M/s. N.C.Rajan & Co**  
 Chartered Accountants  
 Firm Regn.No.003426S

 C.Ganapathy  
**Executive Chairman**  
 DIN : 00735840

 Govind M Joshi  
**Company Secretary**

 V.Gopalakrishnan  
 Partner  
 Membership No.202480

 Place : Coimbatore  
 Date : 24<sup>th</sup> May, 2019

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2019(CONSOLIDATED)**

| Particulars   | 31-Mar-2019<br>₹   | 31-Mar-2018<br>₹   |
|---|--------------------|--------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                                     |                    |                    |
| Profit before tax   | 5,00,89,557        | 1,94,08,918        |
| Adjustments for:  |                    |                    |
| Foreign currency translation for the year   | 70,41,436          | (5,76,975)         |
| Depreciation and amortisation expense   | 34,60,125          | 28,33,424          |
| Provision for doubtful debts  | 0                  | 9,65,102           |
| Net loss/(gain) on disposal of property, plant and equipment                      | 8,685              | 1,64,654           |
| Property, plant and equipment discarded   | 1,25,844           | 4,63,568           |
| Net loss/(gain) on disposal of Investments  |                    |                    |
| Interest income   | (20,21,847)        | (10,84,722)        |
| Dividend income   | (1,79,190)         | (2 07,648)         |
| Interest expense  | 62,259             | 56,821             |
| <b>Operating profit before working capital changes</b>                            | <b>5,85,86,869</b> | <b>2,20,23,142</b> |
| Adjustments for:  |                    |                    |
| (Increase)/decrease in trade receivables  | (1,27,40,456)      | 2,21,86,686        |
| (Increase)/decrease in other current financial assets                             | (48,50,055)        | 1,55,227           |
| (Increase)/decrease in other current assets                                       | (49,56,068)        | (28,65,078)        |
| (Increase)/decrease in other non-current financial assets                         | (28,788)           | 0                  |
| (Increase)/decrease in other non-current assets                                   | 0                  | 0                  |
| Increase/(decrease) in trade payables   | (16,38,380)        | (18 68,642)        |
| Increase/(decrease) in provisions   | 11,11,831          | 7,10,327           |
| Increase/(decrease) in other non-current financial liabilities                    | 0                  | 0                  |
| Increase/(decrease) in other financial liabilities                                | 0                  | 0                  |
| Increase/(decrease) in other current liabilities                                  | (69,70,291)        | 1,10,46,814        |
| <b>Cash generated from operations</b>   | <b>2,85,14,661</b> | <b>5,13,88,478</b> |
| Net income tax (paid) / refunds   | (1,41,38,716)      | (26,61,243)        |
| <b>Net cash flow from operating activities (A)</b>                                | <b>1,43,75,945</b> | <b>4,87,27,235</b> |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                                     |                    |                    |
| Capital expenditure on property, plant and equipment (including capital advances) | (1,51,15,624)      | (37,72,823)        |
| Proceeds from sale of fixed assets  | 1,57,369           | 5,01,639           |
| Purchase of Investments   | (80,00,000)        | (50,00,000)        |

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2019**

| Particulars  | 31-Mar-2019<br>₹     | 31-Mar-2018<br>₹     |
|--|----------------------|----------------------|
| Bank balances other than cash and cash equivalents                     | (21,52,207)          | (2,43,96,877)        |
| Interest received  | 21,85,388            | 3,54,658             |
| Dividend received  | 1,79,190             | 2,07,648             |
| <b>Net cash used in investing activities (B)</b>                       | <b>(2,27,45,884)</b> | <b>(3,21,05,755)</b> |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                          |                      |                      |
| Borrowings (net)   | 99,76,415            | (1,89,435)           |
| Dividend and tax thereon paid  | (30,44,139)          | (30,39,299)          |
| Finance costs  | (62,259)             | (56,821)             |
| <b>Net cash flow used in financing activities (C)</b>                  | <b>68,70,017</b>     | <b>(32,85,555)</b>   |
| <b>Net increase in Cash and cash equivalents (A+B+C)</b>               | <b>(14,99,922)</b>   | <b>1,33,35,924</b>   |
| Cash and cash equivalents at the beginning of the year (refer note 9)  | 8,10,89,650          | 6,77,53,726          |
| <b>Cash and cash equivalents at the end of the year (refer note 9)</b> | <b>7,95,89,728</b>   | <b>8,10,89,650</b>   |

See accompanying notes to the financial statements 1 to 29

For and on Behalf of the Board of Directors

G.Suresh  
**Managing Director**  
DIN : 00600906

C.Ganapathy  
**Executive Chairman**  
DIN : 00735840

Place : Coimbatore  
Date : 24<sup>th</sup> May, 2019

P.S. Subramanian  
**Chief Financial Officer**

Govind M Joshi  
**Company Secretary**

In terms of our report attached

For **M/s. N.C.Rajan & Co**  
Chartered Accountants  
Firm Regn.No.003426S

V.Gopalakrishnan  
Partner  
Membership No.202480

***Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Consolidated)***

**1 CORPORATE INFORMATION**

CG-VAK Software and Exports Limited (“the Company”) is a public limited Company incorporated in India and governed by the Companies Act, 2013 (“the Act”). The Company’s registered office is situated at 171, Mettupalayam Road, Coimbatore 641 043, Tamilnadu, India. The Company’s main business is providing of software services.

**2 SIGNIFICANT ACCOUNTING POLICIES**

**(i) Statement of compliance**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (“Ind AS”) notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 read with section 133 of the Companies Act, 2013.

**(ii) Principles of consolidation**

The consolidated financial statements relate to CG-VAK Software and Exports Limited (the ‘Company’) and its wholly owned subsidiary company. The consolidated financial statements have been prepared on the following basis:

The financial statements of the subsidiary company used in the consolidation are drawn upto the same reporting date as that of the Company, i.e., 31<sup>st</sup> March, 2019

The financial statements of the Company and its subsidiary company have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealised profits or losses, unless cost cannot be recovered.

The excess of cost to the Group of its investments in the subsidiary company over its share of equity of the subsidiary company, at the dates on which the investments in the subsidiary company were made, is recognised as ‘Goodwill’ being an asset in the consolidated financial statements and is tested for impairment on annual basis. On the other hand, where the share of equity in the subsidiary company as on the date of investment is in excess of cost of investments of the Group, it is recognised as ‘Capital Reserve’ and shown under the head ‘Reserves & Surplus’, in the consolidated financial statements. The ‘Goodwill’ / ‘Capital Reserve’ is determined separately for each subsidiary company and such amounts are not set off between different entities.

Minority Interest in the net assets of the consolidated subsidiary consist of the amount of equity attributable to the minority shareholders at the date on which investments in the subsidiary company were made and further movements in their share in the equity, subsequent to the dates of investments. Net profit / loss for the year of the subsidiary attributable to minority interest is identified and adjusted against the profit after tax of the Group in order to arrive at the income attributable to shareholders of the Company.

Goodwill arising on consolidation is not a mortised but tested for impairment.

Following subsidiary Company have been considered in the preparation of the consolidated financial statements:

| Name of the entity      | Relationship | Country of Incorporation | Ownership held by                   | % of Holding and voting power either directly or indirectly through subsidiary as at |                |
|-------------------------|--------------|--------------------------|-------------------------------------|--|----------------|
|                         |              |                          |                                     | March 31, 2019   | March 31, 2018 |
| CG-VAK Software USA Inc | Subsidiary   | USA                      | CG-VAK Software and Exports Limited | 100%   | 100%           |

***Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019(Consolidated)***

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.

**(iii) Use of estimates and judgement**

In the application of the Group's accounting policies, the Group is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, else in the period of the revision and future periods if the revision affects both current and future periods.

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may diverge from these estimates.

**(iv) Functional and presentation currency**

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (i.e. the "functional currency"). The financial statements are presented in Indian Rupee, the national currency of India, which is the functional currency of the Group.

**(v) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for rebates, and similar allowances.

- a) **Service income:** Revenue from contracts priced on time are recognised when the services are rendered and related costs are incurred.
- b) **Interest income:** Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.
- c) **Dividend income:** Dividend is recognised when the right to receive payment is established.

**(vi) Foreign currencies**

In preparing the financial statements of the Group, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences on monetary items are recognised in the statement of profit and loss in the period in which they arise except for exchange differences on transactions designated as fair value hedge.

**(vii) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets, until such time the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**(viii) Employee benefits**

The Company participates in various employee benefit plans. The employment benefits are classified as either defined contribution plans or defined benefit plans. Under a defined contribution plan, the Company's only obligation is to pay a fixed amount with no obligation to pay further contributions. The expenditure for defined contribution plans is recognized as expense during the period when the employee provides service. Under a defined benefit plan, it is the Company's obligation to provide agreed benefits to the employees. The related actuarial risks fall on the Company. The present value of the defined benefit obligations is calculated using the projected unit credit method.

***Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Consolidated)*****Short-term employee benefits**

All short-term employee benefits such as salaries, wages, bonus, and other benefits which fall within 12 months of the period in which the employee renders related services which entitles them to avail such benefits and non-accumulating compensated absences are recognised on an undiscounted basis and charged to the statement of profit and loss.

A liability is recognised for benefits accruing to employees in respect of wages and salaries in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

**Defined contribution plan**

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

**Defined benefit plan**

In accordance with the Payment of Gratuity Act, 1972, the Company provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Company. The gratuity benefit is funded. The Company's obligation in respect of the gratuity, which is a defined benefit plan, is provided for based on actuarial valuation using the projected unit credit method. Actuarial gains or losses are recognized in other comprehensive income.

Remeasurement, comprising actuarial gains and losses is reflected immediately in the balance sheet with charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected in retained earnings and is not reclassified to the statement of profit and loss.

**(ix) Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

- a) **Current tax:** Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.
- b) **Minimum Alternate Tax (MAT):** MAT paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.
- c) **Deferred tax:** Deferred tax is recognized using the balance sheet approach. Deferred tax assets and liabilities are recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilised.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

**(x) Property, plant and equipment**

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land is not depreciated.

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. The cost



***Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Consolidated)***

of property, plant and equipment comprises its purchase price/ acquisition cost, net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying property, plant and equipment up to the date the asset is ready for its intended use. Machinery spares which can be used only in connection with an item of Property, plant and equipment and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure on property, plant and equipment after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Depreciation on Property, plant and equipment (other than freehold land) has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

The estimated useful life of the tangible assets are reviewed at the end of the each financial year and the depreciation period is revised to reflect the changed pattern, if any.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

For transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

**(xi) Intangible assets**

Intangible assets include cost of software and designs. Intangible assets are initially measured at acquisition cost including any directly attributable costs of preparing the asset for its intended use. Intangible assets with finite lives are amortized over their estimated useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangible Assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

**(xii) Impairment of tangible and intangible assets**

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

If the recoverable amount of the assets are estimated to be less than their carrying amounts, the carrying amounts of those assets are reduced to their recoverable amounts. Impairment losses are recognised immediately in the Statement of Profit and Loss. When impairment losses are subsequently reversed, the carrying amount of those assets are increased to their revised estimates of their recoverable amounts, so that the increased carrying amounts do not exceed the carrying amounts that would have been determined had no impairment losses recognised for those assets in prior years. The reversal of impairment losses are recognised immediately in the Statement of Profit and Loss.

**(xiii) Provisions and contingencies**

Provisions: A provision is recognised when the Group has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Contingent liabilities: Contingent liabilities are not recognised but are disclosed in notes to accounts.

**(xiv) Financial instruments**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

***Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Consolidated)***

Financial assets and liabilities are initially recognised at fair value. Transaction costs that are directly attributable to financial assets and liabilities [other than financial assets and liabilities measured at Fair Value Through Profit and Loss (FVTPL)] are added to or deducted from the fair value of the financial assets or liabilities, as appropriate on initial recognition. Transaction costs directly attributable to acquisition of financial assets or liabilities measured at FVTPL are recognised immediately in the statement of profit and loss.

- a) **Non-derivative Financial assets:** All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

**Financial assets at amortised cost**

A financial asset is measured at amortised cost if both of the following conditions are met:

- a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

**Effective interest method:**

The rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

- b) **Derecognition of financial assets:** A financial asset is derecognised only when the:- Company has transferred the rights to receive cash flows from the financial asset; or- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

When the entity has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Group has not retained control of the financial asset. When the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

- c) **Foreign exchange gains and losses:** The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in Statement of Profit and Loss.

- d) **Financial liabilities:**

**Initial recognition and measurement**

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of financial liabilities not at fair value through the Statement of Profit and Loss as directly attributable transaction costs.

**Subsequent measurement**

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the Statement of Profit and Loss when the liabilities are derecognised and through the amortisation process.

***Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Consolidated)***
**Derecognition of financial liabilities**

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

**(xv) Segment reporting**

Operating segments are reported in the manner consistent with the internal reporting to the Chief Operating Decision Maker (CODM) as per Ind AS 108. The Group is reported at an overall level, and hence there is only one reportable segment viz., Software Services. Geographic information is based on business sources from that geographic region. Accordingly the geographical secondary segments are determined as "North America" and "Rest of the World".

**(xvi) Cash and cash equivalents**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition) and highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, in banks and demand deposits (with an original maturity of three months or less from the date of acquisition) with banks.

**(xvii) Operating Cycle**

Based on the nature of products / activities of the Group and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

**3 Property, Plant and Equipments**

Amount in Rs.

| Description of Assets                              | Freehold Land    | Buildings        | Plant Equipment    | Vehicles         | Furniture and Fixtures | Total Property, Plant and Equipment | Intangible Assets (Software) |
|--|------------------|------------------|--------------------|------------------|------------------------|-------------------------------------|------------------------------|
| <b>I. Gross Block (cost or deemed cost)</b>        |                  |                  |                    |                  |                        |                                     |                              |
| <b>Balance as at April 1, 2017</b>                 | 63,75,000        | 22,04,186        | 51,52,621          | 26,78,111        | 14,96,361              | 1,79,06,279                         | 37,59,522                    |
| Additions  | 0                | 66,100           | 18,45,449          | 4,00,000         | 4,97,096               | 28,08,645                           | 5,00,610                     |
| Disposals  | 0                | 0                | 2,39,003           | 0                | 2,36,273               | 4,75,276                            | 7,14,628                     |
| <b>Balance as at March 31, 2018</b>                | 63,75,000        | 22,70,286        | 67,59,067          | 30,78,111        | 17,57,184              | 2,02,39,648                         | 35,45,504                    |
| Additions  | 0                | 7,40,830         | 42,90,025          | 68,59,142        | 23,74,769              | 1,42,64,766                         | 7,25,014                     |
| Disposals  | 0                | 0                | 72,189             | 0                | 41,377                 | 1,13,566                            | 1,25,844                     |
| <b>Balance as at March 31, 2019</b>                | <b>63,75,000</b> | <b>30,11,116</b> | <b>1,09,76,903</b> | <b>99,37,253</b> | <b>40,90,576</b>       | <b>3,43,90,848</b>                  | <b>41,44,674</b>             |
| <b>II. Accumulated Depreciation and Impairment</b> |                  |                  |                    |                  |                        |                                     |                              |
| <b>Balance as at April 1, 2017</b>                 | 0                | 1,44,582         | 10,61,874          | 5,81,877         | 1,35,163               | 19,23,496                           | 8,90,883                     |
| Charge for the year                                | 0                | 1,44,590         | 12,21,273          | 6,07,280         | 1,51,601               | 21,24,744                           | 7,08,680                     |
| Withdrawal on Disposals                            | 0                | 0                | 36,278             | 0                | 2,36,273               | 2,72,551                            | 2,51,060                     |
| <b>Balance as at March 31, 2018</b>                | 0                | 2,89,172         | 22,46,869          | 11,89,157        | 50,491                 | 37,75,689                           | 13,48,503                    |
| Charge for the year                                | 0                | 1,49,886         | 17,19,846          | 7,21,707         | 2,09,221               | 28,00,660                           | 6,59,465                     |
| Withdrawal on Disposals                            | 0                | 0                | 31,979             | 0                | 41,377                 | 73,356                              | 0                            |
| <b>Balance as at March 31, 2019</b>                | <b>0</b>         | <b>4,39,058</b>  | <b>39,34,735</b>   | <b>19,10,864</b> | <b>2,18,335</b>        | <b>65,02,992</b>                    | <b>20,07,968</b>             |
| <b>Net block (I-II)</b>                            |                  |                  |                    |                  |                        |                                     |                              |
| Balance as at March 31, 2019                       | <b>63,75,000</b> | <b>25,72,058</b> | <b>70,42,168</b>   | <b>80,26,389</b> | <b>38,72,241</b>       | <b>2,78,87,856</b>                  | <b>21,36,706</b>             |
| Balance as at March 31, 2018                       | 63,75,000        | 19,81,114        | 45,12,198          | 18,88,954        | 17,06,693              | 1,64,63,959                         | 21,97,001                    |
| Balance as at April 1, 2017                        | 63,75,000        | 20,59,604        | 40,90,747          | 20,96,234        | 13,61,198              | 1,59,82,783                         | 28,68,639                    |

Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019(Consolidated)

| Note      | Particulars  | Amount in Rs.    |                  |
|-----------|--|------------------|------------------|
|           |  | 31-March - 2019  | 31-March - 2018  |
| <b>4</b>  | <b>Investments</b>                                       |                  |                  |
|           | <b>Non-current</b>                                       |                  |                  |
|           | At Cost  |                  |                  |
| <b>I.</b> | <b>Quoted Investments (fully paid)</b>                   |                  |                  |
|           | Investment in Mutual funds                               |                  |                  |
|           | SBI DAF Series - XXVI Regular Growth                     |                  |                  |
|           | 250000 Units of Rs. 10 each                              | 25,00,000        | 25,00,000        |
|           | <b>Total</b>   | <b>25,00,000</b> | <b>25,00,000</b> |
|           | Aggregate amount of non-current quoted investments       |                  |                  |
|           | Aggregate market value of non-current quoted investments | 26,12,050        | 25,15,000        |
|           | <b>Current</b>   |                  |                  |
|           | At Cost  |                  |                  |
| <b>I.</b> | <b>Quoted Investments (fully paid)</b>                   |                  |                  |
|           | Mutual Funds   |                  |                  |
|           | SBI Saving Fund Regular Plan (Daily Dividend)            | 50,00,000        | 0                |
|           | 495780.905 Units of Rs. 10.0886 each                     |                  |                  |
|           | SBI Equity saving Fund Regular Growth                    | 25,00,000        | 25,00,000        |
|           | 201734.92 Units of Rs. 10each                            |                  |                  |
|           | <b>HDFC Mutual Fund (Growth)</b>                         |                  |                  |
|           | HDFC Capital Builder value fund Reg Growth               | 6,00,000         | 0                |
|           | 1946.811 units of Rs.302.607 each                        |                  |                  |
|           | HDFC Small Cap fund Reg Growth                           | 3,00,000         | 0                |
|           | 6486.428 units of Rs.44.639 each                         |                  |                  |
|           | HDFC Mid Cap opputunities fund Reg Growth                | 3,00,000         | 0                |
|           | 5074.622 units of Rs.56.284 each                         |                  |                  |
|           | HDFC Hybrid Equity fund Reg Growth                       | 18,00,000        | 0                |
|           | 33724.307 units of Rs.54.444 each                        |                  |                  |
|           |  | 1,05,00,000      | 25,00,000        |
|           | Aggregate amount of current quoted investments           | 1,05,00,000      | 25,00,000        |
|           | Aggreagate market value of current quoted investments    | 1,06,12,436      | 25,01,775        |

Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019(Consolidated)

| Note     | Particulars   | Amount in Rs.      |                    |
|----------|---|--------------------|--------------------|
|          |   | 31-March - 2019    | 31-March - 2018    |
| <b>5</b> | <b>Other Financial Assets</b>   |                    |                    |
|          | (Unsecured and considered good)   |                    |                    |
|          | <b>Non-current</b>  |                    |                    |
|          | <b>Measured at amortised cost</b>   |                    |                    |
|          | Electricity deposit   | 2,46,520           | 2,46,520           |
|          | Fixed deposits with Banks held as security against borrowings (maturity of not more than 12 months from the balance sheet date) | 88,877             | 60,089             |
|          | <b>Total</b>  | <b>3,35,397</b>    | <b>3,06,609</b>    |
|          | <b>Current</b>  |                    |                    |
|          | <b>At cost</b>  |                    |                    |
|          | Rental Deposits   | 54,67,743          | 14,82,688          |
|          | Interest accrued on fixed deposits  | 7,91,041           | 9,54,582           |
|          | Security Deposits   | 10,52,970          | 1,87,970           |
|          | <b>Total</b>  | <b>73,11,754</b>   | <b>26,25,240</b>   |
| <b>6</b> | <b>Other Assets</b>   |                    |                    |
|          | (Unsecured and considered good)   |                    |                    |
|          | <b>Non-current</b>  |                    |                    |
|          | Advance Income Tax (Net of provisions)  | 8,35,332           | 9,41,710           |
|          | <b>Total</b>  | <b>8,35,332</b>    | <b>9,41,710</b>    |
|          | <b>Current</b>  |                    |                    |
|          | Prepaid expenses  | 12,32,600          | 13,16,743          |
|          | Staff advance   | 1,58,71,265        | 1,41,93,866        |
|          | Other assets  | 46,14,951          | 12,52,139          |
|          | <b>Total</b>  | <b>2,17,18,816</b> | <b>1,67,62,748</b> |
| <b>7</b> | <b>Trade receivables</b>  |                    |                    |
|          | <b>Unsecured and considered good</b>  |                    |                    |
|          | Outstanding for a period exceeding six months from the due date   | 1,24,69,337        | 1,17,98,058        |
|          | Others  | 4,93,43,292        | 3,72,74,116        |
|          | <b>Unsecured and considered doubtful</b>  |                    |                    |
|          | Outstanding for a period exceeding six months from the due date   | 0                  | 9,76,626           |
|          | Others  | 0                  | 0                  |
|          | Less: Provision for doubtful debts  | 0                  | (9,76,626)         |
|          | <b>Total</b>  | <b>6,18,12,629</b> | <b>4,90,72,174</b> |

*Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019(Consolidated)*

| Note | Particulars   | Amount in Rs.   |                 |
|------|---|-----------------|-----------------|
|      |   | 31-March - 2019 | 31-March - 2018 |
|      | <b>Movement in the allowance for doubtful debts</b> |                 |                 |
|      | Balance as at the beginning of the year             | 9,76,626        | 87,03,356       |
|      | Allowance for the year                              | 0               | 9,76,626        |
|      | Amount written off                                  | (9,76,626)      | (87,03,356)     |
|      | Amount written back                                 | 0               | 0               |
|      | Amount collected                                    | 0               | 0               |
|      | <b>Balance as at the end of the year</b>            | <b>0</b>        | <b>9,76,626</b> |

The Company evaluates all customer dues for collectability. The need for allowance is assessed based on various factors including collectability, present market indicators pertaining to the relevant country which could affect the ability to settle. Allowances are made for debtor dues exceeding one year or longer from the date of invoice as at the date of the balance sheet. The company pursues all recovery of dues irrespective of provisions made.

## 8 Cash and bank balances

### Cash and cash equivalents

|                        |                    |                    |
|------------------------|--------------------|--------------------|
| Cash in hand           | 4,33,845           | 3,28,866           |
| Balances with banks    |                    |                    |
| in Current accounts    | 7,91,55,883        | 8,07,10,481        |
| in Cash Credit account | 0                  | 50,303             |
| <b>Total</b>           | <b>7,95,89,728</b> | <b>8,10,89,650</b> |

### Bank balances

|  |                    |                    |
|--|--------------------|--------------------|
| (i) Fixed deposits held as security against borrowings                           |                    |                    |
| (maturity of not more than 12 months from the balance sheet date)                | 6,41,716           | 5,73,777           |
| Fixed deposits (maturity of not more than 12 months from the balance sheet date) | 3,10,84,268        | 2,90,00,000        |
| <b>Total</b>   | <b>3,17,25,984</b> | <b>2,95,73,777</b> |

***Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Consolidated)***
**9 Share Capital**

| Particulars                                     | As at March 31, 2019   |                    | As at March 31, 2018   |                    |
|---|------------------------|--------------------|------------------------|--------------------|
|   | No. of Shares in lakhs | Amount in Rs       | No. of Shares in lakhs | Amount in Rs       |
| <b>(a) Authorised</b>                           |                        |                    |                        |                    |
| Equity shares of Rs.10 each with voting rights  | 70,00,000              | 7,00,00,000        | 70,00,000              | 7,00,00,000        |
| <b>(b) Issued, Subscribed and fully paid up</b> |                        |                    |                        |                    |
| Equity shares of Rs.10 each with voting rights  | 50,50,200              | 5,05,02,000        | 50,50,200              | 5,05,02,000        |
| <b>Total</b>                                    | <b>50,50,200</b>       | <b>5,05,02,000</b> | <b>50,50,200</b>       | <b>5,05,02,000</b> |

**(c) Rights, preferences and restrictions attached to shares**

The company has only one class of equity shares having a par value of Rs.10/- per share. Each share holder is entitled for one vote. As per the terms of the share issued, the Company shall declare an annual dividend payable to the share holders in proportion to the respective equity shares held by them on a fully diluted basis. Repayment of share capital on liquidation will be in proportion to the number of equity shares held.

**(d) Reconciliation of the shares outstanding at the beginning and at the end of the year**

| Particulars                             | Opening Balance | Fresh Issue / Conversion / Redemption | Shares forfeited | Closing Balance |
|---|-----------------|---------------------------------------|------------------|-----------------|
| <b>Equity shares with voting rights</b> |                 |                                       |                  |                 |
| <b>Year ended March 31, 2019</b>        |                 |                                       |                  |                 |
| - Number of shares                      | 50,50,200       | 0                                     | 0                | 50,50,200       |
| - Amount (in Rs.)                       | 5,05,02,000     | 0                                     | 0                | 5,05,02,000     |
| <b>Year ended March 31, 2018</b>        |                 |                                       |                  |                 |
| - Number of shares                      | 50,50,200       | 0                                     | 0                | 50,50,200       |
| - Amount (in Rs.)                       | 5,05,02,000     | 0                                     | 0                | 5,05,02,000     |
| <b>As at April 1, 2017</b>              |                 |                                       |                  |                 |
| - Number of shares                      | 50,50,200       | 0                                     | 0                | 50,50,200       |
| - Amount (in Rs.)                       | 5,05,02,000     | 0                                     | 0                | 5,05,02,000     |

***Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019(Consolidated)***
**(e) Shareholders holding more than 5% shares in the Company**

| Class of shares /<br>Name of shareholder | As at March 31, 2019     |   | As at March 31, 2018     |   |
|--|--------------------------|---|--------------------------|---|
|  | Number of<br>shares held | % holding in<br>that class<br>of shares | Number of<br>shares held | % holding in<br>that class<br>of shares |
| <b>Equity shares with voting rights</b>  |                          |   |                          |   |
| Mrs. S. Latha                            | 9,72,916                 | 19.26%                                  | 8,88,031                 | 17.58%                                  |
| Mr. G. Suresh                            | 9,52,060                 | 18.85%                                  | 9,52,060                 | 18.85%                                  |
| Mr. K. V. Kamaraj                        | 5,21,674                 | 10.33%                                  | 5,21,674                 | 10.33%                                  |
| Mr. C. Ganapathy                         | 4,06,350                 | 8.05%                                   | 4,06,350                 | 8.05%                                   |

(f) The Company has not issued any bonus shares during the period of 5 years immediately preceding the balance sheet date

**10 Other equity**

| Particulars  | As at March 31,<br>2019 | As at March 31,<br>2018 |
|--|-------------------------|-------------------------|
| <b>General Reserve</b><br>(General reserve is created from time to time by transferring profits from retained earnings and can be utilised for purposes such as dividend payout, bonus issue, etc.)  | 1,10,00,000             | 1,10,00,000             |
| <b>Forfeited Shares</b>  | 41,700                  | 41,700                  |
| <b>Retained earnings</b><br>(Retained earnings comprise of the Company's undistributed earnings after taxes)   | 11,37,12,701            | 8,10,77,244             |
| <b>Other comprehensive income</b>  |                         |                         |
| <b>Translation reserve</b><br>(Foreign currency translation reserve represents exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Indian Rupees) which are recognised directly in other equity and accumulated in this foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal of the foreign operation.) | 3,67,77,600             | 2,97,36,163             |
| <b>Employees defined benefit plan</b><br>(Items of other comprehensive income consists of remeasurement of net defined benefit liability/asset)  | (6,90,469)              | (5,73,772)              |
| <b>Total</b>   | <b>16,08,41,532</b>     | <b>12,12,81,336.</b>    |



***Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Consolidated)***

| Particulars   | As at March 31,<br>2019 | As at March 31,<br>2018 |
|---|-------------------------|-------------------------|
| <b>10.a General reserve</b>                               |                         |                         |
| Balance at beginning of year                              | 1,10,00,000             | 1,10,00,000             |
| Movement during the year                                  | 0                       | 0                       |
| <b>Balance at end of year</b>                             | <b>1,10,00,000</b>      | <b>1,10,00,000</b>      |
| <b>10.b Share forfeiture reserve</b>                      |                         |                         |
| Balance at beginning of year                              | 41,700                  | 41,700                  |
| Movement during the year                                  | 0                       | 0                       |
| <b>Balance at end of year</b>                             | <b>41,700</b>           | <b>41,700</b>           |
| <b>10.c Retained earnings</b>                             |                         |                         |
| Balance at beginning of year                              | 8,10,77,244             | 7,01,89,207             |
| Dividend and tax thereon                                  | (30,44,139)             | (30,39,299)             |
| Profit attributable to owners of the Company              | 3,56,79,596             | 1,39,27,336             |
| <b>Balance at end of year</b>                             | <b>11,37,12,701</b>     | <b>8,10,77,244</b>      |
| <b>10.d. Translation reserve</b>                          |                         |                         |
| Balance at beginning of year                              | 2,97,36,163             | 3,03,13,138             |
| Translation difference for the year                       | 70,41,437               | (5,76,975)              |
| <b>Balance at end of year</b>                             | <b>3,67,77,600</b>      | <b>2,97,36,163</b>      |
| <b>10.e Other comprehensive income</b>                    |                         |                         |
| <b>Employee benefit plan</b>                              |                         |                         |
| Balance at beginning of year                              | (5,73,772)              | (2,80,170)              |
| Remeasurement of defined benefit obligations (net of tax) | (1,16,697)              | (2,93,602)              |
| <b>Balance at end of year</b>                             | <b>(6,90,469)</b>       | <b>(5,73,772)</b>       |

**11 Borrowings**
**Current**

| Particulars  | As at March 31,<br>2019 | As at March 31,<br>2018 |
|--|-------------------------|-------------------------|
| Secured  |                         |                         |
| Cash credit facility from State Bank of India (refer note below) | 99,76,415               | 0                       |
| <b>Total</b>   | <b>99,76,415</b>        | <b>0</b>                |

Cash credit facility sanctioned Limit of Rs. 1 Crore from State Bank of India is secured by Equitable mortgage over land and building as collateral security. Further secured by Personal Guarantee of the Managing director & Executive Chairman and hypothecation of entire stocks, Receivables and other current assets.

***Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Consolidated)***
**12 Provisions**

| Particulars                             | As at March 31,<br>2019 | As at March 31,<br>2018 |
|---|-------------------------|-------------------------|
| <b><u>Current</u></b>                   |                         |                         |
| Provision for employee benefits         |                         |                         |
| Gratuity                                | 47,07,747               | 34,34,241               |
| Provision for tax (net of advance tax ) | 0                       | 1,66,469                |
| <b>Total</b>                            | <b>47,07,747</b>        | <b>36,00,710</b>        |

**13 Trade Payables**

| Particulars   | As at March 31,<br>2019 | As at March 31,<br>2018 |
|---|-------------------------|-------------------------|
| <b><u>Current</u></b>                                     |                         |                         |
| Payable to micro and small enterprises (refer note below) | 30,627                  | 85,578                  |
| Others  | 51,54,553               | 67,37,982               |
| <b>Total</b>  | <b>51,85,180</b>        | <b>68,23,560</b>        |

**Note:** (i) Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 are given in Note 27.1

(ii) The average credit period on purchases is normally 30 days. No interest is charged on the trade payables. The Company has financial risk management policies in place to ensure that payables are paid within the credit terms.

**14 Other current liabilities**

| Particulars                     | As at March 31,<br>2019 | As at March 31,<br>2018 |
|---------------------------------|-------------------------|-------------------------|
| <b><u>Current</u></b>           |                         |                         |
| Statutory Liabilities           | 40,42,940               | 42,39,792               |
| Advance received from customers | 0                       | 47,46,715               |
| Salary payable                  | 1,04,87,950             | 1,26,68,993             |
| Other payable                   | 26,78,048               | 25,23,730               |
| <b>Total</b>                    | <b>1,72,08,938</b>      | <b>2,41,79,229</b>      |

**15 Revenue from Operations**

| Particulars                                      | As at March 31,<br>2019 | As at March 31,<br>2018 |
|--|-------------------------|-------------------------|
| Software services (offshore and onsite services) | 35,77,81,966            | 29,49,10,515            |
| Information Technology Enabled Services          | 47,68,622               | 54,50,083               |
| <b>Total</b>                                     | <b>36,25,50,588</b>     | <b>30,03,60,598</b>     |

***Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Consolidated)***
**16 Other Income**

| Particulars   | As at March 31,<br>2019 | As at March 31,<br>2018 |
|---|-------------------------|-------------------------|
| Interest income from Bank deposits                        | 20,21,847               | 10,84,722               |
| Dividend income   | 1,79,190                | 2,07,648                |
| Net gain on foreign currency transactions and translation | 0                       | 22,98,849               |
| Sundry receipts   | 22,65,375               | 2,48,582                |
| <b>Total</b>  | <b>44,66,412</b>        | <b>38,39,801</b>        |

**17 Employee Benefits Expense**

| Particulars                          | As at March 31,<br>2019 | As at March 31,<br>2018 |
|--------------------------------------|-------------------------|-------------------------|
| Salaries and wages                   | 22,51,68,009            | 19,26,86,695            |
| Directors remuneration               | 95,00,000               | 90,00,000               |
| Medical reimbursements to Directors  | 0                       | 0                       |
| Contribution to provident fund & ESI | 48,89,694               | 44,06,844               |
| Retirement benefits                  | 17,11,831               | 12,54,629               |
| Staff welfare expenses               | 1,05,53,620             | 94,66,467               |
| <b>Total</b>                         | <b>25,18,23,154</b>     | <b>21,68,14,635</b>     |

**18 Finance Cost**

| Particulars                                    | As at March 31,<br>2019 | As at March 31,<br>2018 |
|--|-------------------------|-------------------------|
| Interest paid to bank for cash credit facility | 48,048                  | 7,454                   |
| Interest paid to others                        | 14,211                  | 49,367                  |
| <b>Total</b>                                   | <b>62,259</b>           | <b>56,821</b>           |

***Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Consolidated)***
**19 Other Expenses**

| Particulars   | As at March 31,<br>2019 | As at March 31,<br>2018 |
|---|-------------------------|-------------------------|
| Rent  | 62,89,210               | 46,27,419               |
| Professional charges                                      | 2,56,84,359             | 3,40,42,920             |
| Power & Fuel  | 25,11,633               | 21,22,711               |
| Communication expenses                                    | 51,06,617               | 44,56,073               |
| HRD expenses  | 13,47,933               | 11,49,693               |
| Travelling expenses                                       | 40,60,319               | 46,89,460               |
| Taxes & Licences  | 1,36,669                | 2,47,497                |
| Building repairs  | 4,46,841                | 92,147                  |
| Vehicle repairs   | 6,03,765                | 8,61,350                |
| General repairs   | 23,68,070               | 13,69,519               |
| Provision for doubtful debts                              | 0                       | 9,65,102                |
| Remuneration to Auditors [Refer Note (i) below]           | 1,50,000                | 1,50,000                |
| Share demat expenses                                      | 1,29,000                | 1,34,000                |
| Bank charges  | 14,59,025               | 12,60,585               |
| Business promotion and Marketing expenses                 | 15,87,039               | 7,45,324                |
| Printing & Stationery                                     | 2,25,368                | 1,72,908                |
| Legal and Consultancy                                     | 15,24,106               | 25,73,924               |
| STPI service charges                                      | 4,50,000                | 1,10,000                |
| Donation  | 1,02,001                | 10,100                  |
| Sitting fees  | 1,71,000                | 1,66,000                |
| Listing fees / filing fees                                | 2,72,400                | 2,98,900                |
| Penalty   | 0                       | 14,00,000               |
| Loss on Intangible assets discarded                       | 1,25,844                | 4,63,568                |
| Loss on sale of Fixed Assets                              | 8,685                   | 1,64,654                |
| Net Loss on foreign currency transactions and translation | 27,28,401               | 0                       |
| Other administrative expenses                             | 40,93,621               | 28,12,747               |
| <b>Total</b>  | <b>6,15,81,905</b>      | <b>6,50,86,601</b>      |

**Note (i) Remuneration to Auditors**

| Particulars                   | As at March 31,<br>2019 | As at March 31,<br>2018 |
|-------------------------------|-------------------------|-------------------------|
| Audit fees                    | 1,50,000                | 1,50,000                |
| Taxation matters              | 0                       | 0                       |
| Limited review certifications | 0                       | 0                       |
| Reimbursement of expenses     | 0                       | 0                       |
| <b>Total</b>                  | <b>1,50,000</b>         | <b>1,50,000</b>         |

***Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Consolidated)***
**20 Tax expense**

| Particulars   | As at March 31,<br>2019 | As at March 31,<br>2018 |
|---|-------------------------|-------------------------|
| <b>Current tax</b>  |                         |                         |
| In respect of the current year  | 1,39,05,234             | 41,69,356               |
| In respect of the prior year  | 2,58,369                |                         |
| MAT Credit  | 0                       | (6,11,988)              |
| <b>Deferred tax</b>   | 2,46,358                | 19,24,214               |
| <b>Total income tax expense recognised in the current year</b>  | <b>1,44,09,961</b>      | <b>54,81,582</b>        |
| The reconciliation between the provision of income tax of the Company and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows: |                         |                         |
| <b>Current Tax:</b>   |                         |                         |
| Profit before tax   | 5,00,89,557             | 1,94,08,918             |
| Enacted income tax rate   | 27.82%                  | 25.75%                  |
| Computed expected tax expense   | 1,39,34,914             | 49,97,796               |
| <b>Effect of:</b>   |                         |                         |
| Depreciation  | (2,88,600)              | (1,50,571)              |
| Disallowance under 43B of Income Tax Act (Net)  | 3,09,311                | 1,82,910                |
| Exempt income   | (49,851)                | (53,469)                |
| Expense disallowed  | 65,803                  | 4,88,445                |
| Provision for doubtful debts  | 0                       | 2,48,514                |
| Bad debts written off earlier disallowed  | (3,04,495)              | (22,41,114)             |
| Others (Including Prior year Income tax)  | 4,96,520                | 84,857                  |
| <b>Income tax expense recognised in the profit or loss</b>  | <b>1,41,63,602</b>      | <b>35,57,368</b>        |
| <b>Deferred Tax:</b>  |                         |                         |
| Relating to the origination and reversal of temporary differences (see below)   | 2,46,358                | 19,24,214               |
| <b>Tax expense reported in the Statement of Profit and Loss</b>   | <b>1,44,09,960</b>      | <b>54,81,582</b>        |

**Deferred tax**

| Particulars                                     | As at March 31,<br>2019 | As at March 31,<br>2018 |
|---|-------------------------|-------------------------|
| <b>Opening balance</b>                          | <b>(34,56,942)</b>      | <b>(46,67,346)</b>      |
| MAT Credit Entitlement                          | 2,76,581                | (6,11,988)              |
| MAT credit adjustment                           | 1,76,554                |                         |
| <b>Recognised in Profit or loss</b>             |                         |                         |
| Property, plant and equipment                   | 2,51,174                | (11,979)                |
| Provision for doubtful debts                    | 3,04,495                | 21,31,889               |
| Section 43B disallowance                        | (3,09,311)              | (1,95,696)              |
|   | <b>2,46,358</b>         | <b>19,24,214</b>        |
| <b>Recognised in Other Comprehensive Income</b> |                         |                         |
| Defined benefit obligation                      | (44,978)                | (1,01,822)              |
| <b>Closing balance</b>                          | <b>(28,02,427)</b>      | <b>(34,56,942)</b>      |

***Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Consolidated)***
**21 Segment information**

The Managing Director of the company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, Operating Segments. The CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by industry classes. Accordingly, segment information has been presented.

The Chief Operating Decision Maker (CODM) of the company examines the performance from the perspective of company as a whole viz. 'Software business' and hence there are no separate reportable segments as per Ind AS 108.

Geographic information is based on business sources from that geographic region. Accordingly the geographical secondary segments are determined as "North America" and "Rest of the World".

Income and direct expenses in relation to segments are categorized based on items that are individually identifiable to that segment, while the remainder of costs are apportioned on an appropriate basis. Certain expenses are not specifically allocable to individual segments as the underlying services are used interchangeably. The management therefore believes that it is not practicable to provide segment disclosures relating to such expenses and accordingly such expenses are separately disclosed as "unallocated" and directly charged against total income.

**Geographical Segment**

| Particulars   | As at March 31,<br>2019 | As at March 31,<br>2018 |
|---|-------------------------|-------------------------|
| <b>Segment Revenue</b>  |                         |                         |
| Net Sales/Income  |                         |                         |
| a. North America  | 31,85,27,771            | 26,50,02,498            |
| b. Rest of the World  | 4,40,22,817             | 3,53,58,100             |
| <b>Total</b>  | <b>36,25,50,588</b>     | <b>30,03,60,598</b>     |
| Less: Inter-Segment revenue                                     | 0                       | 0                       |
| <b>Net Sales/ Income from operations</b>                        | <b>36,25,50,588</b>     | <b>30,03,60,598</b>     |
| <b>Segment Results</b>  |                         |                         |
| Profit(+) / Loss(-)   |                         |                         |
| a. North America  | 3,63,37,983             | 1,29,33,850             |
| b. Rest of the World  | 93,47,421               | 26,92,089               |
| <b>Total</b>  | <b>4,56,85,404</b>      | <b>1,56,25,939</b>      |
| Less: Finance costs   | 62,259                  | 56,821                  |
| Add /Less: Other unallocable Income net of unallocable expenses | 44,66,412               | 38,39,801               |
| <b>Total Profit/Loss before Tax</b>                             | <b>5,00,89,557</b>      | <b>1,94,08,918</b>      |
| <b>Segment Assets</b>   |                         |                         |
| a. North America  | 22,27,49,926            | 18,78,69,160            |
| b. Rest of the World  | 2,64,06,704             | 1,96,20,650             |
| c.Unallocated   | 0                       | 0                       |
| <b>Total</b>  | <b>24,91,56,630</b>     | <b>20,74,89,810</b>     |
| <b>Segment Liabilities</b>                                      |                         |                         |
| a. North America  | 3,15,40,272             | 3,05,17,039             |
| b. Rest of the World  | 62,72,826               | 51,89,435               |
| c.Unallocated   | 0                       | 0                       |
| <b>Total</b>  | <b>3,78,13,098</b>      | <b>3,57,06,474</b>      |
| Capital Expenditure   | 1,51,15,624             | 37,72,823               |
| Depreciation  | 34,60,125               | 28,33,424               |

**Note:** There are one customer and two customers who contribute 10% or more to the company's revenue for both 2018-19 and 2017-18 respectively.

**Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019(Consolidated)**
**22 Earnings per share (EPS)**

| Particulars  | As at March 31,<br>2019 | As at March 31,<br>2018 |
|--|-------------------------|-------------------------|
| Profit after tax   | 3,56,79,596             | 1,39,27,336             |
| <b>Profit attributable to ordinary shareholders - for Basic and Diluted EPS</b>                | <b>3,56,79,596</b>      | <b>1,39,27,336</b>      |
| Weighted Average number of Equity Shares used as denominator for calculating Basic EPS         | 50,50,200               | 50,50,200               |
| Weighted average number of equity shares used in the calculation of diluted earnings per share | 50,50,200               | 50,50,200               |
| Earnings per share of Rs. 10/- each  |                         |                         |
| <b>- Basic (in Rs.)</b>  | <b>7.07</b>             | <b>2.76</b>             |
| <b>- Diluted (in Rs.)</b>  | <b>7.07</b>             | <b>2.76</b>             |

**23 Contingent liabilities and commitments**
**A. Contingent liabilities**

- i) No provision has been made on a claim for gratuity amounting to Rs.8,82,000 preferred by a former director of the company filed before the Asst Commissioner of labour. The company has disputed the claim and the case is pending.
- ii) No provision has been made on a claim for gratuity amounting to Rs.7,05,000 preferred by a former employee of the company before the Asst Commissioner of Labour. The Company has disputed the claim and the case is pending.
- iii) No provision has been made on a claim for non-payment of fixed deposit amounting to Rs.10,55,691 by 6 complainants before the High Court, the company has disputed the claim and the case is pending.
- iv) The Regional Provident Fund commissioner passed an order on 29.11.16 directing the company to enroll the Home based worker and trainees in EPF . The said order has not quantified the demand . The Company had appealed against the order passed by Regional Provident Fund Commissioner before the Employees Provident Fund Appellate Tribunal and obtained a stay against the order passed by PF Commissioner on 20.12.2016.
- v) The Registrar of Companies, Coimbatore has filed cases against the company with the Additional Sessions Judge, Coimbatore pursuant to an inspection carried out in 2012. The cases pertain to procedural matters under Companies Act, 1956, the impact of which is not quantified in the cases. The company is advised by counsel that the cases are not tenable on grounds of limitation.

**B. Commitments**

| Particulars  | As at March 31,<br>2019 | As at March 31,<br>2018 | As at April 1,<br>2017 |
|--|-------------------------|-------------------------|------------------------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for | -                       | -                       | -                      |

**24. Employee benefit plans**
**(a) Defined Contribution Plan**

The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs towards the benefits. The Company has recognised Rs.44,72,421 (for the year ended March 31, 2018: Rs. 40,34,060) as contribution to Provident Fund, and Rs. 4,17,273 (for the year ended March 31, 2018 Rs. 3,72,784) as payment under Employee State Insurance Scheme in the Statement of Profit and Loss. These contributions have been made at the rates specified in the rules of the respective schemes and has been recognised in the Statement of Profit and Loss under the head Employee Benefits Expense.

**(b) Defined Benefit Plans:**
**Gratuity**

The Company has partly funded its gratuity obligations. The following table sets out the status of the defined benefit schemes and the amount recognised in the financial statements as per the Actuarial Valuation done by an Independent Actuary:

***Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Consolidated)***
**Reconciliation of opening and closing balances of Defined Benefit Obligation**

| Particulars   | As at March 31,<br>2019 | As at March 31,<br>2018 |
|---|-------------------------|-------------------------|
| Defined Benefit Obligation at beginning of the year | 60,79,389               | 45,11,374               |
| Current service cost                                | 14,74,569               | 11,04,666               |
| Interest cost                                       | 4,60,210                | 3,18,176                |
| Actuarial (Gain) / Loss                             | 1,17,482                | 3,54,207                |
| Benefits paid                                       | 0                       | (2,09,034)              |
| <b>Defined Benefit Obligation at year end</b>       | <b>81,31,650</b>        | <b>60,79,389</b>        |

**Reconciliation of opening and closing balances of fair value of Plan Assets**

| Particulars                                    | As at March 31,<br>2019 | As at March 31,<br>2018 |
|--|-------------------------|-------------------------|
| Fair value of Plan Assets at beginning of year | 26,45,148               | 21,82,884               |
| Employer contributions                         | 6,00,000                | 5,44,302                |
| Expected Return on Plan Assets                 | 2,22,948                | 1,68,213                |
| Actuarial Gain / (Loss)                        | (44,193)                | (41,217)                |
| Benefits paid                                  | 0                       | (2,09,034)              |
| <b>Fair value of Plan Assets at year end</b>   | <b>34,23,903</b>        | <b>26,45,148</b>        |

**Amount recognised in the Balance Sheet**

| Particulars                               | As at March 31,<br>2019 | As at March 31,<br>2018 |
|---|-------------------------|-------------------------|
| Defined Benefit Obligation at year end    | 81,31,650               | 60,79,389               |
| Fair value of Plan Assets at year end     | 34,23,903               | 26,45,148               |
| <b>Net Liability / (Asset) recognised</b> | <b>47,07,747</b>        | <b>34,34,241</b>        |

**Expenses recognised during the year**

| Particulars   | As at March 31,<br>2019 | As at March 31,<br>2018 |
|---|-------------------------|-------------------------|
| <b>In Income Statement</b>                                    |                         |                         |
| Current service cost  | 14,74,569               | 11,04,666               |
| Interest on net defined benefit liability/ (asset)            | 4,60,210                | 3,18,176                |
| Expected Return on Plan Assets                                | (2,22,948)              | (1,68,213)              |
| <b>Net Cost</b>   | <b>17,11,831</b>        | <b>12,54,629</b>        |
| <b>In Other Comprehensive Income</b>                          |                         |                         |
| Actuarial (Gain) / Loss                                       | 1,61,675                | 3,95,424                |
| <b>Net (Income)/ Expense For the period Recognised in OCI</b> | <b>1,61,675</b>         | <b>3,95,424</b>         |

The current service cost and the net interest expense for the year are included in the 'Employee benefits expense' line item in the Statement of Profit and Loss.

The remeasurement of the net defined liability is included in other comprehensive income.



***Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Consolidated)***
**Actuarial assumptions**

| Particulars                                   | As at March 31,<br>2019 | As at March 31,<br>2018 |
|---|-------------------------|-------------------------|
| Discount Rate (per annum)                     | 7.57%                   | 7.22%                   |
| Expected Return on Planned Assets (per annum) | 7.57%                   | 7.22%                   |
| Rate of escalation in Salary (per annum)      | 10.00%                  | 9.00%                   |
| Attrition rate (per annum)                    | 20.00%                  | 20.00%                  |

The retirement age of employees of the Company is 58 years.

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary. The mortality rates considered are as per the published rates in the Indian Assured Lives Mortality (2006-08) Ultimate table.

**Sensitivity analysis**

The key actuarial assumptions to which the defined benefit plans are particularly sensitive to are discount rate and full salary escalation rate. The sensitivity analysis below, have been determined based on reasonably possible changes of the assumptions occurring at end of the reporting period, while holding all other assumptions constant. The result of Sensitivity analysis is given below:

| Particulars  | Discount Rate | Salary escalation<br>Rate |
|--|---------------|---------------------------|
| <b>As at March 31, 2019</b>                          |               |                           |
| Defined benefit obligation on plus 100 basis points  | 75,89,674     | 86,98,060                 |
| Defined benefit obligation on minus 100 basis points | 87,36,231     | 76,13,464                 |
| <b>As at March 31, 2018</b>                          |               |                           |
| Defined benefit obligation on plus 100 basis points  | 63,50,485     | 63,09,736                 |
| Defined benefit obligation on minus 100 basis points | 58,30,481     | 58,63,232                 |

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

**Maturity profile of defined benefit obligation**

| Particulars                            | As at March 31,<br>2019 | As at March 31,<br>2018 |
|--|-------------------------|-------------------------|
| <b>Expected total benefit payments</b> |                         |                         |
| Within 1 year                          | 4,50,291                | 8,50,793                |
| 1 year to 2 years                      | 4,16,081                | 6,90,562                |
| 2 years to 3 years                     | 3,24,409                | 5,77,109                |
| 3 years to 4 years                     | 2,71,110                | 4,73,383                |
| 4 years to 5 years                     | 17,45,985               | 3,68,201                |
| 5 years to 10 years                    | 49,23,774               | 31,19,340               |

***Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Consolidated)***

As at March 31, 2019, March 31, 2018 and April 1, 2017, 100% of the plan assets were invested in insurer managed funds.

The Company has established an irrevocable trust fund to which it regularly contributes to finance liabilities of the plan. The fund's investments are managed by certain insurance companies as per the mandate provided to them by the trustees and the asset allocation is within the permissible limits prescribed in the insurance regulations.

The employee benefit obligations expose the Company to actuarial risks such as: longevity risk and salary risk.

**Longevity Risk:** The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the participants during their employment. An increase in the life expectancy of the participants will increase the obligation.

**Salary risk:** The present value of the defined benefit obligation is calculated by reference to the future salaries of the participants. As such, an increase in the salary of the participants will increase the obligation.

**25 Related party disclosures**

List of related parties where control exists and also related parties with whom transactions have taken place and relationships

| <b>Names of the related parties</b>   | <b>Relationship</b>      |
|---|--------------------------|
| Mr.C.Ganapathy - Executive Chairman   | Key Managerial Personnel |
| Mr.G Suresh - Managing Director & CEO   | Key Managerial Personnel |
| Mrs.S.Latha - Non-Executive Women Director  | Key Managerial Personnel |
| Mr,P.S.Subramanian - Chief Financial Officer  | Key Managerial Personnel |
| Mr.Govind M Joshi - Company Secretary & Compliance Officer - w.e.f 18.12.2018           | Key Managerial Personnel |
| Mr.Harcharan J - Ceased to be a Company Secretary & Compliance Officer - w.e.f 18.12.18 | Key Managerial Personnel |
| CG-VAK Software USA Inc   | Wholly owned subsidiary  |

***Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Consolidated)***

Transactions with related parties during the year are set out in the table below

| Nature of Transaction   | As at March 31,<br>2019                  |
|---|--|
| <b><u>Remuneration and perquisites paid</u></b>   | <b>1,14,44,066</b>                       |
| Mr.C.Ganapathy - Executive Chairman   | <b><u>(1,06,52,234)</u></b><br>13,30,666 |
| Mr.G Suresh - Managing Director & CEO   | (12,91,066)<br>83,88,940                 |
| Mr,P.S.Subramanian - Chief Financial Officer  | (78,49,340)<br>9,50,431                  |
| Mr.Govind M Joshi - Company Secretary & Compliance Officer - w.e.f 18.12.2018           | (8,51,244)<br>2,27,472                   |
| Mr.Harcharan J - Ceased to be a Company Secretary & Compliance Officer - w.e.f 18.12.18 | 0<br>5,46,557                            |
|   | (6,60,584)                               |
| <b><u>Rent</u></b>  | <b>31,20,612</b>                         |
| Mrs.S.Latha - Non-Executive Women Director  | <b><u>(1,93,2612)</u></b><br>31,20,612   |
|   | (19,32,612)                              |
| <b><u>Balances oustatanding as at the year end</u></b>                                  |  |
| <b><u>Rent Deposit</u></b>  | <b>50,60,000</b>                         |
| Mrs.S.Latha - Non-Executive Women Director  | <b><u>(50,60,000)</u></b><br>50,60,000   |
|   | (50,60,000)                              |

\*Previous year figures are given in brackets

The remuneration of directors and other members of key managerial personnel during the year was as follows:

| Particulars                  | As at March 31,<br>2019 | As at March 31,<br>2018 |
|------------------------------|-------------------------|-------------------------|
| Short-term employee benefits | 1,13,53,192             | 1,05,65,834             |
| Post-employment benefits     | 90,874                  | 86,400                  |

## 26 Financial instruments

### 26.1 Capital management

The Company's management objectives are:

- to ensure the Company's ability to continue as a going concern
- to create value for shareholders by facilitating the meeting of long term and short term goals of the Company.

The Company determines the amount of capital required on the basis of annual business plan coupled with long term and short term expansion plans. The funding needs are met through equity, cash generated from operations, long term and short term bank borrowings and preference share capital.

The Company monitors the capital structure on the basis of net debt to equity ratio and maturity profile of the overall debt portfolio of the Company. Net debt includes interest bearing instruments less cash and cash equivalents and other bank balances (including non-current earmarked balances)

***Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Consolidated)***

The table below summarises the capital, net debt and net debt to equity ratio (Gearing ratio) of the Company

| Particulars          | As at March 31, 2019 | As at March 31, 2018 |
|----------------------|----------------------|----------------------|
| Net Debts            | -                    | -                    |
| Total Equity         | 21,13,43,532         | 17,17,83,336         |
| <b>Gearing ratio</b> | -                    | -                    |

**26.2 Categories of Financial Instruments**

This section gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contain financial instruments. The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, and financial liability are disclosed in Note 2(xiv) of Significant Accounting Policies.

**A. Financial assets and liabilities**

The accounting classification of each category of financial instruments, and their carrying amounts, are set out below:

| Particulars  | As at March 31, 2019 |                     | As at March 31, 2018 |                     |
|--|----------------------|---------------------|----------------------|---------------------|
|  | Carrying Value       | Fair Value          | Carrying Value       | Fair Value          |
| <b>Financial assets</b>                            |                      |                     |                      |                     |
| <u>Measured at amortised cost</u>                  |                      |                     |                      |                     |
| Others financial assets - non current              | 3,35,397             | 3,35,397            | 3,06,609             | 3,06,609            |
| Trade receivables                                  | 6,18,12,629          | 6,18,12,629         | 4,90,72,174          | 4,90,72,174         |
| Cash and cash equivalents                          | 7,95,89,728          | 7,95,89,728         | 8,10,89,650          | 8,10,89,650         |
| Bank balances other than cash and cash equivalents | 3,17,25,984          | 3,17,25,984         | 2,95,73,777          | 2,95,73,777         |
| Other financial assets - current                   | 73,11,754            | 73,11,754           | 26,25,240            | 26,25,240           |
| <b>Total financial assets (a + b)</b>              | <b>18,07,75,492</b>  | <b>18,07,75,492</b> | <b>16,26,67,450</b>  | <b>16,26,67,450</b> |
| <b>Financial liabilities</b>                       |                      |                     |                      |                     |
| <u>Measured at amortised cost</u>                  |                      |                     |                      |                     |
| Borrowings   | 99,76,415            | 99,76,415           | 0                    | 0                   |
| Trade payables                                     | 51,85,180            | 51,85,180           | 68,23,560            | 68,23,560           |
| Other financial liabilities - current              | 0                    | 0                   | 0                    | 0                   |
| <b>Total financial liabilities (a + b)</b>         | <b>1,51,61,595</b>   | <b>1,51,61,595</b>  | <b>68,23,560</b>     | <b>68,23,560</b>    |

The management has assessed that the fair values of cash and cash equivalents, bank balances, trade receivables, other financial assets, trade payables and other financial liabilities recorded at amortised cost is considered to be a reasonable approximation of fair value.

The following methods and assumptions are used to estimate the fair values:

Fair values of the Company's interest-bearing borrowings are determined by using Effective Interest Rate (EIR) method. The own non-performance risk as at March 31, 2019 was assessed to be insignificant.

*Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Consolidated)*

**B. Fair value hierarchy**

The Company uses the following hierarchy for determining and/or disclosing the fair value of financial instruments by valuation techniques. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

**Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

**Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**26.3 Financial risk management objective**

The Company's activities expose it to certain / reasonable financial risks. The Company's primary focus is to foresee the unpredictability of such risks and seek to minimize potential adverse effects on its financial performance.

The Company has a risk management process and framework in place. This process is coordinated by the Board, which meets regularly to review risks as well as the progress against the planned actions. The Board seeks to identify, evaluate business risks and challenges across the Company through such framework. These risks include market risks, credit risk and liquidity risk.

The risk management process aims to:

- improve financial risk awareness and risk transparency
- identify, control and monitor key risks- identify risk accumulations
- provide management with reliable information on the Company's risk situation
- improve financial returns

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements:

| <b>Risk</b>                    | <b>Exposure arising from</b>  | <b>Risk Management</b>  |
|--------------------------------|---|---|
| Market risk - foreign exchange | Recognised financial assets and liabilities not denominated in Indian rupee (Rs.) | Periodic review by management                                     |
| Market risk - interest rate    | Borrowings at variable rates  | Mix of borrowings taken at fixed and floating rates               |
| Credit risk                    | Cash and cash equivalents, trade receivables and other financial assets           | Bank deposits, diversification of asset base, credit limits, etc. |
| Liquidity risk                 | Borrowings and other liabilities  | Availability of committed credit and borrowing facilities         |

**Market risk - Foreign exchange**

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to US Dollar. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the Company's functional currency. Exposures to foreign currency balances are periodically reviewed to ensure that the results from fluctuating currency exchange rates are appropriately managed. Hence the risk on account of foreign exchange is very minimal.

The Company does not have any derivatives financial instruments either for hedging or for speculation purpose.

***Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Consolidated)***

The details of foreign currency exposures that are not hedged by any derivative instrument or otherwise are:

| Particulars       | Foreign<br>Currency<br>(FC) | Amount in FC |            | Equivalent Rs. in Lakhs |            |
|-------------------|-----------------------------|--------------|------------|-------------------------|------------|
|                   |                             | 31.03.2019   | 31.03.2018 | 31.03.2019              | 31.03.2018 |
| Trade Receivables | USD                         |              |            |                         |            |
|                   | CAD                         | 17,562       | 1,965      | 8,93,906                | 96,973     |
|                   | GBP                         | 7,034        | 9,018      | 6,33,060                | 805,307    |
|                   | EUR                         | 2,856        | -          | 2,20,055                | -          |
|                   | AUD                         |              |            |                         |            |

**Foreign currency sensitivity analysis**

The following information details the Company's sensitivity to a 5% increase and decrease in the ' against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit where the ' strengthens 5% against the relevant currency will increase the profit and equity by Rs. 87,351 (Previous year Rs. 45,114). For a 5% weakening of the ' against the relevant currency, there would be an equal and opposite impact on profit and equity.

**Market risk - Interest rate**
**(I) Liabilities:**

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. At March 31, 2018, the Company is exposed to changes in market interest rates through bank borrowings at variable interest rates. Below is the overall exposure of the Company to interest rate risk:

| Particulars                        | As at March 31,<br>2019 | As at March 31,<br>2018 |
|------------------------------------|-------------------------|-------------------------|
| Variable rate borrowing from Banks | 99,76,415               | -                       |
| Fixed rate borrowing               | -                       | -                       |
| - Banks                            | -                       | -                       |
| - Others                           | -                       | -                       |
| <b>Total borrowings</b>            | <b>99,76,415</b>        | <b>-</b>                |

**Interest rate sensitivity analysis:**

For non derivative instruments there is no change in the floating rate borrowings during the year. Hence there is no impact in the Company's profit for the year ended March 31, 2019 (year ended March 31, 2018 Nil).

**(ii) Assets:**

The Company's financial assets are carried at amortised cost and are at fixed rate only. They are, therefore, not subject to interest rate risk since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

**Credit Risk**

Credit risk is the risk that a customer or counterparty to a financial instrument will fail to perform or pay amounts due to the Company causing financial loss. It arises from cash and cash equivalents, deposits with banks, security deposits, loans given and principally from credit exposures to customers relating to outstanding receivables. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at reporting date.

***Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Consolidated)***

In respect of trade and other receivables, the Company is not exposed to any significant credit risk exposure to any single counterparty or any company of counterparties having similar characteristics. The Company has very limited history of customer default, and considers the credit quality of trade receivables, that are not past due or impaired, to be good.

Therefore, the Company does not expect any material risk on account of non performance by any of the Company's counterparties. The credit risk for cash and cash equivalents, bank deposits, security deposits and loans is considered negligible, since the counterparties are reputable organisations.

**Liquidity risk**

The Company requires funds both for short-term operational needs as well as for long-term expansion programmes. The Company remains committed to maintaining a healthy liquidity ratio, deleveraging and strengthening the balance sheet. The Company manages liquidity risk by maintaining adequate support of facilities and by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

The Company's Finance department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management.

The Company's financial liability is represented significantly by long term and short term borrowings from banks and trade payables. The maturity profile of the Company's short term and long term borrowings and trade payables based on the remaining period from the date of balance sheet to the contractual maturity date is given in the table below. The figures reflect the contractual undiscounted cash obligation of the Company.

| March 31, 2019              | Less than<br>1 year | 1-3 year | More than<br>3 year | Total              |
|-----------------------------|---------------------|----------|---------------------|--------------------|
| Borrowings                  | 99,76,415           |          |                     | 99,76,415          |
| Trade payable               | 51,85,180           | 0        | 0                   | 51,85,180          |
| Other financial liabilities | 0                   | 0        | 0                   | 0                  |
| <b>Total</b>                | <b>1,51,61,595</b>  | <b>0</b> | <b>0</b>            | <b>1,51,61,595</b> |
| <b>March 31, 2018</b>       |                     |          |                     |                    |
| Borrowings                  | -                   |          |                     | -                  |
| Trade payable               | 68,23,560           | 0        | 0                   | 68,23,560          |
| Other financial liabilities | 0                   | 0        | 0                   | 0                  |
| <b>Total</b>                | <b>68,23,560</b>    | <b>0</b> | <b>0</b>            | <b>68,23,560</b>   |
| <b>April 1, 2017</b>        |                     |          |                     |                    |
| Borrowings                  | -                   | -        |                     | -                  |
| Trade payable               | 86,92,202           | 0        | 0                   | 86,92,202          |
| Other financial liabilities | 1,89,435            | 0        | 0                   | 1,89,435           |
| <b>Total</b>                | <b>88,81,637</b>    | <b>0</b> | <b>0</b>            | <b>88,81,637</b>   |

**27.1 Dividend**

In respect of the current year, the directors propose that a dividend of Rs.0.75 per share be paid on equity shares on or before 22nd October 2019. This equity dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The proposed equity dividend is payable to all shareholders on the Register of Members on 23rd September 2019. The total estimated equity dividend to be paid is Rs.37,87,650. The payment of this dividend is estimated to result in payment of dividend tax of Rs.7,78,741 @ 20.56% on the amount of dividends grossed up for the related dividend distribution tax.

***Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2019 (Consolidated)***

**27.2 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006**

| Particulars   | 31 March, 2019<br>Amount in Rs. | 31 March, 2018<br>Amount in Rs. |
|---|---------------------------------|---------------------------------|
| (I) Principal amount remaining unpaid to MSME suppliers as at the end of each accounting year                               | 30,627                          | 85,578                          |
| (ii) Interest due on unpaid principal amount to MSME suppliers as at the end of each accounting year                        | -                               | -                               |
| (iii) The amount of interest paid along with the amounts of the payment made to the MSME suppliers beyond the appointed day | -                               | -                               |
| (iv) The amount of interest due and payable for the year (without adding the interest under MSME Development Act)           | -                               | -                               |
| (v) The amount of interest accrued and remaining unpaid as on   | -                               | -                               |
| (vi) The amount of interest due and payable to be disallowed under Income Tax Act, 1961                                     | -                               | -                               |

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information received and available with the Company. This has been relied upon by the auditors.

**27.3 Disclosure as per Clause 32 of the Listing Agreements with the Stock Exchanges**

The Company has not given any loans and advances in the nature of loans to subsidiaries, associates, firms / companies in which directors are interested.

| 27.4 Expenditure in foreign currency on account of: | 31 March, 2019<br>Amount in Rs. | 31 March, 2018<br>Amount in Rs. |
|---|---------------------------------|---------------------------------|
| Travel  | 8,81,295                        | 4,08,978                        |
| Other administrative expenses                       | 4,50,726                        | 4,43,544                        |
|   | <b>13,32,021</b>                | <b>8,52,522</b>                 |

| 27.5 Earnings in foreign exchange       | 31 March, 2019<br>Amount in Rs. | 31 March, 2018<br>Amount in Rs. |
|---|---------------------------------|---------------------------------|
| Export of goods calculated on FOB basis | 20,35,24,055                    | 14,25,81,031                    |



**28** Following is the share of net assets and the profit or loss of the entities which have been consolidated for preparation of the consolidated financial statements of CG-VAK Software and Exports Limited for the financial year ended March 31, 2019:

| Particulars                            | CG-VAK Software and Exports Limited<br>Holding Company |                                      | CG-VAK Software USA Inc<br>Foreign Subsidiary Company |                                      | Total           |                                      |
|--|--|--------------------------------------|---|--------------------------------------|-----------------|--------------------------------------|
|  | Amount in<br>Rs  | As a % of<br>consolidated<br>amounts | Amount in<br>Rs                                       | As a % of<br>consolidated<br>amounts | Amount in<br>Rs | As a % of<br>consolidated<br>amounts |
| Net Assets                             | 12,39,10,416   | 49.73%                               | 12,52,46,214  | 50.27%                               | 24,91,56,630    | 100.00%                              |
| Share in profit or loss                | 3,44,84,266  | 96.65%                               | 11,95,330   | 3.35%                                | 3,56,79,596     | 100.00%                              |
| Share in other comprehensive<br>income | (1,16,697)   | 100.00%                              | 0   | 0.00%                                | (1,16,697)      | 100.00%                              |
| Share in total comprehensive<br>income | 3,43,67,569  | 96.64%                               | 11,95,330   | 3.36%                                | 3,55,62,899     | 100.00%                              |

**29** The financial statements of CG-VAK Software and Exports Limited were approved by the Board of Directors and authorised for issue on May 24, 2019.

For and on Behalf of the Board of Directors

G.Suresh  
**Managing Director**  
DIN : 00600906

C.Ganapathy  
**Executive Chairman**  
DIN : 00735840

Place : Coimbatore  
Date : 24<sup>th</sup> May, 2019

P.S. Subramanian  
**Chief Financial Officer**

Govind M Joshi  
**Company Secretary**

In terms of our report attached

For **M/s. N.C.Rajan & Co**  
Chartered Accountants  
Firm Regn.No.003426S

V.Gopalakrishnan  
Partner  
Membership No.202480



**CG-VAK SOFTWARE AND EXPORTS LIMITED**

Regd. Office: 171, Mettupalayam Road, Coimbatore - 641043. Tel: 0422 - 2434491 / 92 / 93.

Website: www.cgvak.com, E-mail Id: investorservices@cgvak.com

CIN: L30009TZ1994PLC005568

**PROXY FORM**

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

**24<sup>th</sup> ANNUAL GENERAL MEETING**

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

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

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

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

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

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

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

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

as my / our Proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 24<sup>th</sup> Annual General Meeting of the Company to be held on Monday, 23<sup>rd</sup> September, 2019 at 3.00.p.m at Ardra Hall, Kaanchan, 9, North Huzur Road, Coimbatore – 641 018 and at any adjournment thereof in respect of resolutions as are indicated below:

I wish my above proxy to vote in the manner as indicated in the box below:

|    | <b>Resolutions</b>  | <b>For</b> | <b>Against</b> |
|----|---|------------|----------------|
| 1. | Adoption of Audited Financial Statements of the Company for the financial year ended 31 March 2019.           |            |                |
| 2. | Declaration of Dividend on Equity Shares of the Company.  |            |                |
| 3. | Re-appointment of Mr. C. Ganapathy (DIN 00735840) as a Director of the Company who retires by rotation.       |            |                |
| 4. | To Consider the appointment of Mr. R. Jayaraman (DIN: 08467922), as an Independent Director of the Company    |            |                |
| 5. | To Consider the appointment of Mr. S. Padmanabhan (DIN: 08467788), as an Independent Director of the Company  |            |                |
| 6. | To Consider the appointment of Mr. Dr. S.Thamburaj (DIN :08467884), as an Independent Director of the Company |            |                |
| 7. | Re-appointment of Mr. C. Ganapathy (DIN 00735840) as a Non-Executive Director of the Company.                 |            |                |
| 8. | Re-appointment of Mr. G. Suresh (DIN 00600906) as a Managing Director & CEO of the Company.                   |            |                |
| 9. | To amend the object clause of the Memorandum of Association of the Company                                    |            |                |

Signed this ..... day of ..... 2019

Affix  
Revenue  
Stamp of Re.1

Signature of the Shareholder: .....

Signature of the Proxy holder(s): .....

**Note:** Any member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member. This form in order to be effective should be duly completed and deposited at the Registered Office of the Company at 171, Mettupalayam Road, Coimbatore - 641043, not less than 48 hours before the commencement of the Meeting. i.e. before 3.00 P.M on Saturday, the 21<sup>st</sup> September, 2019.

**CG-VAK SOFTWARE AND EXPORTS LIMITED**

Regd. Office: 171, Mettupalayam Road, Coimbatore - 641043. Tel: 0422 - 2434491/92/93.

Website: www.cgvak.com, E-mail Id: investorservices@cgvak.com

CIN: L30009TZ1994PLC005568

**ATTENDANCE SLIP****(To be handed over at the entrance of the Meeting Hall)****24<sup>th</sup> ANNUAL GENERAL MEETING**

I / We hereby record my presence at the 24<sup>th</sup> Annual General Meeting of the Company at Ardra Hall, Kaanchan, 9, North Huzur Road, Coimbatore – 641 018 on Monday, the 23<sup>rd</sup> September, 2019 at 3.00 p.m.

|  |  |
|--|--|
| <b>Member's Folio No./<br/>DP ID / Client ID No.</b> |  |
| <b>Member's/Proxy's Name<br/>(in Block Letters)</b>  |  |
| <b>No. of Shares held</b>                            |  |
| <b>Member's/Proxy's<br/>Signature</b>                |  |

**Note:**

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



To

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

**UPDATION OF E-MAIL ADDRESS AND BANK ACCOUNT DETAILS**

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

E-mail ID : .....

Tel.No./Mobile No. : .....

**BANK DETAILS :**

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

Name of Sole/ First Shareholder : .....

Name of the Bank in Full & Branch : .....

MICR Code : .....

IFSC Code : .....

Bank Account No. as appearing on the cheque leaf : .....

Permanent Account Number (PAN) : .....

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

**SPECIMEN SIGNATURE BLOCK :**

First Holder Name : ..... First Holder Signature : .....

Second Holder Name : ..... Second Holder Signature : .....

Third Holder Name : ..... Third Holder Signature : .....

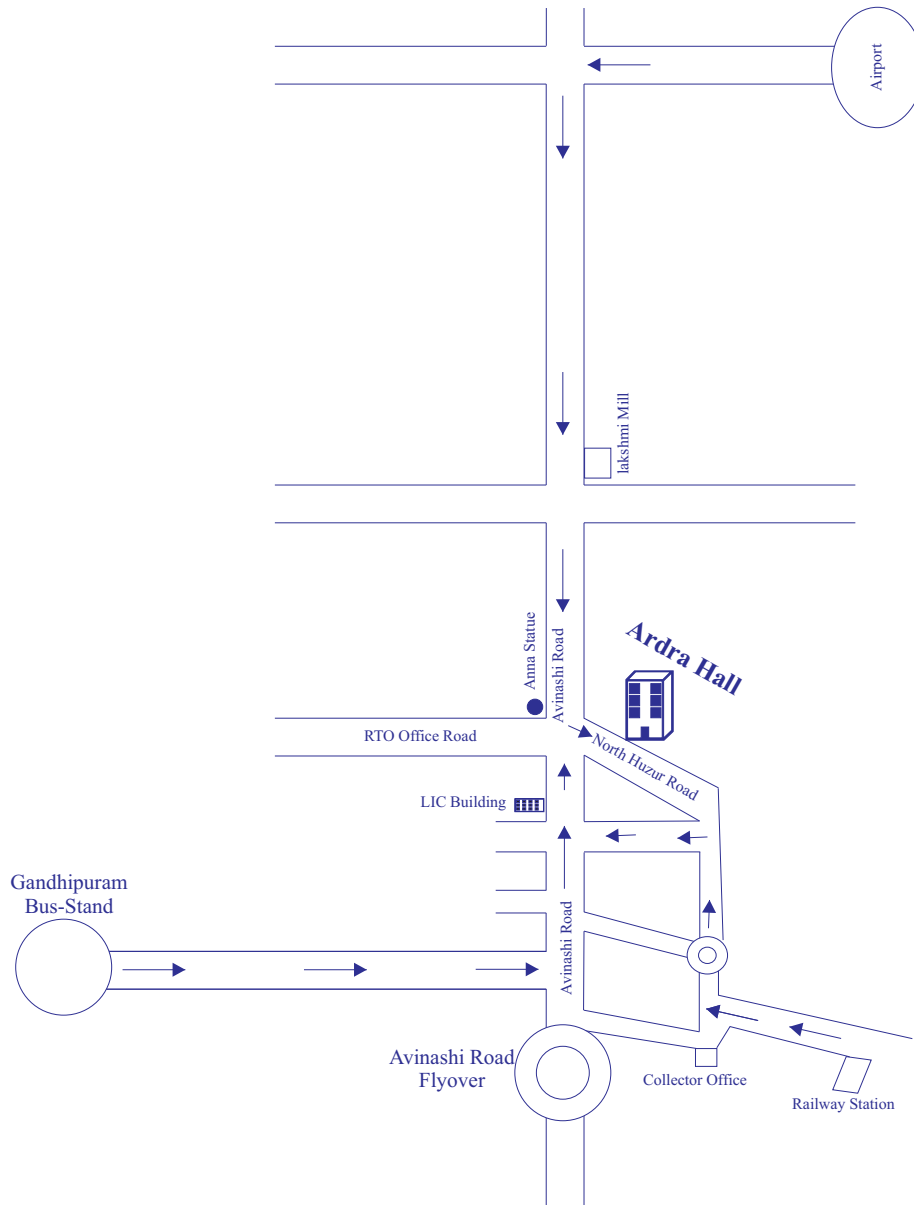
I/We hereby declare that the particulars given above are correct and complete. If the transaction is delayed because of incomplete or incorrect information, I/We would not hold the Company/the RTA responsible. I/We undertake to inform any subsequent changes in the above particulars before the relevant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

Place : .....

Date : ..... Signature of Sole/First Holder

**NOTES**





Route Map to Ardra Hall





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